

WIMBLEDON
EDBERG ADVANCES
TO FINAL
See Sports, Page 17

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

PARIS, SATURDAY-SUNDAY, JULY 2-3, 1988

Subscription rates... ESTABLISHED 1887

PEOPLE

Buying British... The American Rose...

Michael Jackson... The imprisoned apartheid...

A Norwegian coin dealer... bought thousands of Swedish...

TODAY'S INTERNATIONAL REAL ESTATE MARKETPLACE

TRAVEL HOLIDAYS & TOURS... COSTA DEL SOL... HOLLAND...

HOTELS... WILLETT HOTEL... 32 SLOANE GARDENS...

THE EXECUTIVE HOME... All rooms with full private...

FLIGHTS... GEMA TRAVEL... Our sole specialist...

YACHTS... UNIQUE OPPORTUNITY... Japanese trade surplus...

A Shift In Policy For Seoul

Roh Seeks to End World Isolation Of North Korea

By Don Oberdorfer and Fred Hiatt... President Roh Tae Woo, announcing a major shift in policy...

Mr. Roh's policy of integration... rather than isolation would appear to call for a corresponding shift in U.S. policy...

See ROH, Page 5

In Berlin, A Bizarre Flight East

By Serge Schmemmann... BERLIN — Scores of West Berliners scrambled across the Berlin Wall...

The 182 who escaped were denizens of a squatter camp... After midnight, when the triangle formally passed to West Berlin...

See WALL, Page 5



Squatters heading east over the Berlin Wall on Friday and into the trucks of East German guards.

Soviets Approve Sweeping Plan For Reforms as Meeting Ends

By Philip Taubman... MOSCOW — The Soviet Communist Party conference...

The conference endorsed a package of six related resolutions mandating a partial transfer of power from the party to popularly elected legislatures...

Friday's events capped the most unfettered political gathering...

With Glasnost, a Taste of Western-Style Drama Reaches TV

By Felicity Harringer... MOSCOW — That strange hybrid of politics and entertainment...

MOSCOW — That strange hybrid of politics and entertainment, the televised political drama, made its explosive debut here this week...

straight man in an unexpected dialogic Wednesday with Mikhail S. Gorbachev...

teacher waiting for a bus on on Tulinskaya Street in eastern Moscow...

He answered with a single word: "Hope." Vyacheslav Cokov, a Communist Party member...

See TV, Page 5

U.S. Positions Ship to Counter Underground Iran Missile Site

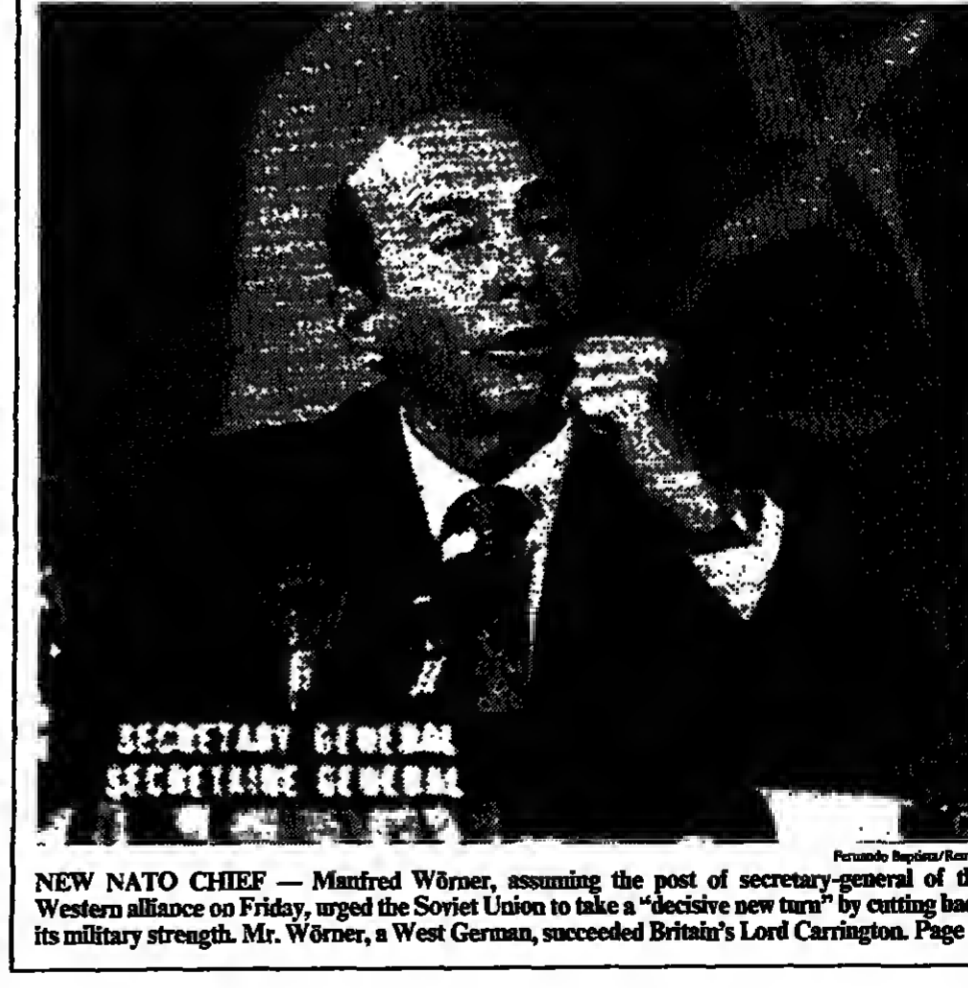
By Molly Moore... WASHINGTON — A permanent Iranian Silkorm missile site...

General Crist said that U.S. military leaders were trying to devise a strategy for destroying the site...

Iran's Chinese-made Silkorms have a 1,100-pound (498-kilogram) warhead...

U.S. military officials have said they believe that Iran has fired only one Silkorm...

See MISSILE, Page 5



NEW NATO CHIEF — Manfred Wörner, assuming the post of secretary-general of the Western alliance on Friday, urged the Soviet Union to take a "decisive new turn" by cutting back its military strength.

Pentagon Halts Some Payments

WASHINGTON — Defense Secretary Frank C. Carlucci, taking the Pentagon's first action in its procurement scandal...

See PENTAGON, Page 5

U.S.-Greek Polemic or the Labyrinthine Politics of a Subtitle

By Edwin McDowell... WASHINGTON — It started out last year as a harmless-sounding project...

While editing the manuscript, however, Mr. Stavrou changed the title of the book to "The Rise, Policies and Decline of Andreas Papandreu"...

Mr. Stavrou refused, saying that the project was already too far along and that any withdrawal of the article...

It's very improper for a high government official to be led to contribute to a book about the decline of the government he is serving...

Mr. Papoulias said in a telephone interview that Mr. Kapsis contributed the article in good faith...

Meanwhile, Mr. Stavrou left this week for the Balkans, including Greece...

See PENTAGON, Page 5

Kiosk

Pretoria Wants Racial Districts... JOHANNESBURG (AP) — The government proposed legislation Friday that would strengthen residential segregation...



Foreign Minister Tariq Aziz of Iraq speaking Friday in Bonn... Japan's trade surplus slumped in May as imports surged 34 percent...

Table with 2 columns: Dow Jones, The Dollar in New York. Values: Dow Down 10.13, Dollar DM 1.8205, Pound 1.6985, Yen 134.15, FF 6.1385.

NATO's New Political Leader Urges Soviet Military Cutback

BRUSSELS — Manfred Wörner, on his first day as secretary general of the North Atlantic Treaty Organization, called Friday for the Soviet Union to take a "decisive new turn" in foreign policy by scaling back its military might.

Mr. Wörner, a former West German defense minister, succeeded Lord Carrington of Britain as the highest NATO political official. He said that the West remained under military threat from the East but despite the reform efforts of Mikhail S. Gorbachev, the Soviet leader.

"We face a Soviet policy that inspires many hopes but has not given any tangible indication that its military effort will slacken," Mr. Wörner said.

U.S. Expects Soviet 'Run' On the Navy

WASHINGTON — The Soviet Union "is going to make a run on our navy" by demanding in future conventional arms negotiations that battle groups deployed near Soviet territory be pulled back, according to Admiral William J. Crowe Jr., the chairman of the U.S. Joint Chiefs of Staff.



Colonel Dinh Nhu Ninh, former commander of Vietnamese forces in Phnom Penh, left, and Doan Ngoc Cach, another senior officer, reviewing the Cambodian fighting Friday in Ho Chi Minh City.

The 'Foe' in Cambodia: Malaria and Land Mines

By Keith Richburg
Washington Post Service
HO CHI MINH CITY — Vietnamese troops in Cambodia suffered more casualties from malaria and land mines than from combat with Cambodian guerrillas, senior Vietnamese military officers said Friday.

WORLD BRIEFS

Waldheim to Drop Bronfman Suit

VIENNA (UPI) — President Kurt Waldheim has decided to drop a lawsuit against the head of the World Jewish Congress who had called him "part and parcel of the Nazi killing machine," a Waldheim spokesman, Gerald Christian, said Friday.

U.S. INF Inspectors Arrive in Russia

MOSCOW (UPI) — A U.S. military team arrived in the Soviet Union on Friday to begin monitoring Soviet compliance with the Intermediate-Range Nuclear Forces Treaty, a U.S. Embassy spokesman said.

China Creates a New National Airline

BEIJING (UPI) — China launched Friday what it called a new, independent national airline, Air China, replacing the Civil Aviation Administration of China.

Ex-Uganda Minister Sentenced to Die

KAMPALA, Uganda (AFP) — A former minister of state for national security under former President Milton Obote has been sentenced to death by the High Court in Uganda for kidnapping six civilians, the official New Vision newspaper reported Friday.

Lebanon Blasts Kill One and Hurt 47

BEIRUT (Combined Dispatches) — Two car bombs rocked Syrian-held areas of Lebanon on Friday, killing one person and wounding 47 others in the latest apparent challenge to Syria's political and military presence in the country.

For the Record

The head of Spain's traffic security on vacation routes, Rosa de Lima, was killed with four other persons on board a helicopter that crashed in bad weather in mountains near Madrid, the police said Friday.

China Offers A Plan for Cambodia

BEIJING — China released on Friday a formal statement on Cambodia that proposes apparent safeguards against a return to power by the Khmer Rouge guerrillas.

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Britons May Visit U.S. Without Visas

WASHINGTON (NYT) — The State Department is no longer requiring Britons to acquire visas before entering the United States.

Correction

In the editions of June 27 and June 30, the IHT misspelled the name of the chief pilot of the A-520 Airbus that crashed near Mulhouse, France, on Sunday. The pilot's name is Michel Asseline.

Hungary Condemns Romania Village Plan

BUDAPEST — Parliament condemned on Friday a Romanian plan to resettle ethnic Hungarians and called on Bucharest to reconsider the move.

Iran Vows to Strike Back

President Ali Khamenei, saying Iranian leaders were not tired of war, vowed Friday that Iran would strike back for recent Iraqi victories. Reuters reported from Nicosia.

Church Tries to Limit Schism Scope

By Barry James
International Herald Tribune
Roman Catholic leaders, moving to limit the schism caused by Archbishop Marcel Lefebvre's action in consecrating four bishops to take charge of his traditionalist movement, urged the prelate's followers Friday to remain united with the church.

"They are faced with a painful choice," Cardinal Hume said. Cardinal Albert Decourtray of Lyon, president of the conference of bishops in France, where Archbishop Lefebvre's followers are especially active, urged the church to show hospitality to those who refuse to follow him "in this dramatic schism."

But consecrating bishops is a much graver matter. The church teaches that the succession of bishops is handed down in an unbroken line from the time of the apostles, and that new bishops can only be consecrated with the consent of the pope.

Dukakis Plays Up Chances Of Glenn as Running Mate

DAYTON, Ohio — Governor Michael S. Dukakis of Massachusetts campaigned with Senator John Glenn of Ohio on Friday, playing up Mr. Glenn's vice presidential prospects after doing the same with Representative Lee H. Hamilton of Indiana the night before.

He invited the Reverend Jesse L. Jackson, another prospect, to his home for a Fourth of July dinner. At a United Auto Workers hall where Mr. Dukakis and Mr. Glenn appeared, there was no question who was the crowd favorite.

Lowre Asks Mountaineers To Clean Glass of Pyramid

PARIS — The Louvre museum has signed a contract with four professional mountain climbers to make sure that the latest addition to the city — a 21.6-meter (72-foot) glass pyramid — remains as pristine as it is controversial.

CHURCH SERVICES

- CENTER OF COPENHAGEN**
FIRST BAPTIST CHURCH, English speaking, Sun. 9:30, 11:00, 7:30-9:30. (01) 232924.
D. R. Johnson, Min. Tel. (01) 232924.
- DENVER**
INTERNATIONAL BAPTIST CHURCH, English, Sun. 10:00, 11:00, 7:30-9:30. Children's church and nursery. Members of the International Church, Lutheran, Methodist, Presbyterian, Episcopal, and other churches. Friendly fellowship. All denominations welcome. Dr. W.J. Daley, Pastor, Tel. 0211/4001/157.
- GENEVA**
INTERNATIONAL CHRISTIAN FELLOWSHIP OF GENEVA, English speaking Sunday service 12:00 noon at Chappelle des Bains, 3 rue Anatole. Rev. Greg. P. H. 2, 12:00-1:00. (121) Geneva 2. (022) 32 08 67.
- CHURCH OF THE LIVING SAVIOUR**, Geneva's International Pentecostal church, 20 Ave. Breuss-Platz. Enjoy a warm atmosphere of joyful, spirited worship in English. 10:30 a.m. and 7 p.m. Tel. 447070 or 988500.
- LUTHERAN CHURCH** in the old town, 20, Rue Verdaine, welcomes visitors to their English speaking services at 11 a.m. Rev. Stephen Lorenz, Tel. 20-50 85.
- HAMBURG**
INTERNATIONAL BAPTIST CHURCH OF HAMBURG meets at Ev. Freikirchliche Gemeinde Christuskirche, Sutter Str. 18, Hamburg-Altona. Bible Study 7, 9:30-11:00. Worship 2 p.m. Tel. (0) 4104-2072/35.
- HOLLAND**
TENTH BAPTIST S.S. 9:45, 11:00, 7:30-9:30. Warm fellowship. Members of International Church in Amsterdam. Tel. 01751-78024.
- PARIS AND SUBURBS**
THE AMERICAN CATHEDRAL, (Episcopal-Anglican), 12 rue de Meine, Metro Gobelins. 9 p.m. Holy Eucharist. 23 Ave. George V, Paris 8, Tel. 47 20 17 92.
- BONNIEVILLE**
BONNIEVILLE BAPTIST CHURCH, 56 Rue des Bains-Roisins, Rue-Mohammed, English speaking, 10:00, 11:00, 7:30-9:30. Fellowship. All denominations welcome. Rev. C. D. B. 2, 7:30-9:30. Pastor, Tel. 49 15 29/47 51 29 63.
- INTERNATIONAL BAPTIST FELLOWSHIP** meets at 123 Ave. de Meine, Metro Gobelins. Vesper Service in English every Sunday evening at 6:30. Tel. 47 49 15 29/47 51 29 63. Concert at 6:30 p.m. this Sunday. 100 members. Choir and orchestra from Verdun, VA, USA. (admission free).
- STOCKHOLM**
IMMANUEL CHURCH, Kungälvsg. & Birger Jóni. Friendly fellowship. English, Swedish & Korean 10:00. Tel. (01) 37 25 1, 299002.
- ZURICH**
INTERNATIONAL PROTESTANT CHURCH, English speaking, Sunday 11:30 a.m. English sermons 2 p.m. Tel. (01) 09 35 25.

Iraqi Official Acknowledges Chemical-Arms Use in War

By Robert J. McCartney
Washington Post Service
BONN — Iraq admitted publicly on Friday for the first time that it has used chemical weapons against Iran in the Gulf War, but it contended that Iran had used them first.

China Offers A Plan for Cambodia

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U.S. Trial
By Doreen Levin
The juror was a full-figured beauty...
AMERICAN TOPICS
Drinking Age in U.S.
Is Now a Uniform 21
As of Friday, the minimum drinking age was 21. 50 states...
Short Takes
The number of American hospitals going out of business is rising sharply...
MOTHER EARTH'S
Front Page
Now Printed For Same Da Key Ameri
To subscribe call us 1-800-88
In New York, call
Or write: International
850 Third Avenue, New
Or Telex: 427175. O

U.S. Trial Consultants Psych the Jurors

By Doron Levin New York Times Service NEW YORK — The juror was... a full-figured beauty... of actress Jane Russell...

in trials and jury-selection procedures in order to uncover hidden biases harbored by potential jurors... witnesses, opposing counsel and even judges.



Rains Bring Some Relief to Drought in the U.S. Raindrops bead up on a windshield as a farmer leaves his tractor near Walnut, Iowa. Widespread rain fell Thursday night and early Friday from New Mexico to Missouri...

Mr. Waldheim was "to bring the... of the commission... Mr. Christian said... decided to drop the case...

"I do believe in integrating social science and the law," said Millard Farmer, an Atlanta-based lawyer who, with psychologists and other lawyers, represents indigent defendants in death-penalty cases.

Doctors Urged to End AIDS Confidentiality

By Isabel Wilkerson New York Times Service CHICAGO — The American Medical Association... breaking with its tradition of confidentiality...

However, some homosexual rights groups and civil libertarians said it could frighten AIDS victims away from medical help and undermine efforts to contain the virus.

AMERICAN TOPICS

Drinking Age in U.S. Is Now a Uniform 21

As of Friday, the minimum U.S. drinking age was 21. Wyoming was the last of the 50 states to raise it. Proponents say a uniform drinking age of 21 saves lives.

Up to a fifth of Vermont's five million acres (two million hectares) of forest have been infested by the pear thrip, an insect smaller than a flea that eats budding tree leaves.

Kill One and Hurt 40

Two car bombs rocked Sunday night, killing one person and wounding 40 others...

Six in 10 Americans say their children could grow up to be president but only four in 10 say they would want them to, according to a Media General-Associated Press poll of 1,204 people.

Short Takes

The number of American hospitals going out of business is rising sharply. Federal and hospital authorities say the federal Medicare program no longer pays hospitals enough to cover the costs of treating their elderly patients.

A new epitaph in the Sleepy Hollow Cemetery in Concord, Massachusetts, where Emerson, Thoreau and Hawthorne are buried, has caused a stir.

4th of July Parties

THE STUDIO 4th July opening 7:30, five music, five dinner, starting 7:30. Tel: 42 74 10 38.

MOTHER EARTH'S Great event 1988. Two orchards with art, tradition, singing and dancing. Dinner and drinks. Starting 6pm. Tel: 42 65 55 59.

INTERNATIONAL HERALD TRIBUNE

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Dining Out

- GENEVA, LAUSANNE, AU VIEUX STAND, NEUCHÂTEL, ASHIANA, LA CHEVAUCHEE, JARRASSE, LE PAVE DE LA TOURNELLE, PRUNIER-MADEIRA, KITT O'SHEA'S PUB, JOHN JAMESON, INDRAND VISHNOU, DIAPASON, KERVANSARAY

Global Group Seeks Air Pollution Action

By Philip Shabecoff New York Times Service TORONTO — Government officials, scientists and environmentalists from 48 countries have called for immediate action to halt degradation of the Earth's atmosphere and set targets for global reductions in the burning of fossil fuels.

Delegates to a conference on "the changing atmosphere" urged strong global measures to slow and then roll back pollution that, they agreed, is rapidly warming the Earth's surface in a process that will produce profound climate change.

BE A WINNER!

Play Lotto 6/49—Canada's Favorite Government Lottery Pick your own "Lucky Numbers" when you play Record prize of \$13,890,588.80—all CASH—TAX FREE!

HOW YOU CAN WIN BIG... YOU PICK YOUR OWN NUMBERS... MULTI-MILLION DOLLAR PRIZES... ORDER FORM... FREE BONUS... IT'S EASY TO PLAY... GOVERNMENT GUARANTEED LOTTERY... WIN MILLIONS LIKE THE COUPLE PICTURED BELOW...

PRIZE BREAKDOWN... Lillian and Stewart Kelly, pictured above, won Canada's record Lotto jackpot of \$13,890,588.80 there were over 7 million winners in total...

OPINION

INTERNATIONAL Herald Tribune

Bush Makes a Point

"The Cold War is not over," cautions George Bush in a major foreign policy statement. He says he would "seize the opportunity of change" that has been opened up by the new Soviet developments...

Good Sense Can Win

There are few Americans over 20 for whom a childhood trip to the dentist didn't mean a cavity count. But now the National Institute of Dental Research reports that half the country's children have no tooth decay whatsoever. The reason: fluoride, once the paranoiac's favorite target.

Then Came a Drought

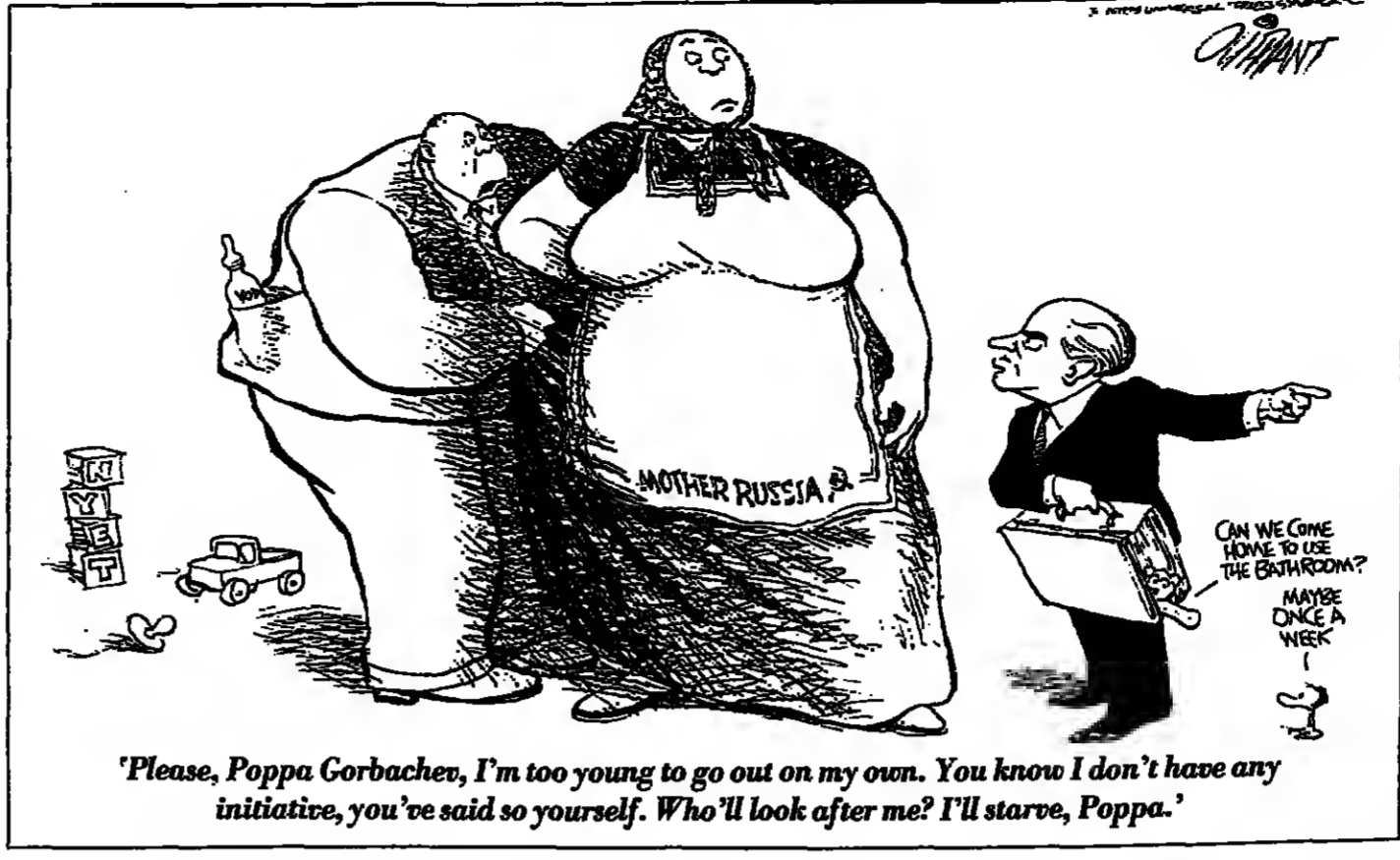
For most of the 1980s, the problem of American agriculture was too much of a good thing. Production overtook demand, depressing prices. The market was unable to support all the people on the land, and government had to step in, at enormous cost.

Other Comment

The ANC Goes Part of the Way: The African National Congress is reported to be offering liberal constitutional proposals designed to win white support. It is suggested that they represent a major step back from the commitment to a socialist state...

Europe May Fool the Skeptics

Hardly had the European summits shaken the dust of Toronto off their heels when they assembled in Hanover to declare that their progress toward genuine union is now "irreversible." If the fractious Europeans actually eliminate trade barriers, free capital flows and let people work in the country of their choice, they figure to have the global scale and reach to take on the Americans and Japanese.



Asia, Not Europe, Is Where the Future Lies

LOS ANGELES — America celebrates its 212th birthday on Monday. It is time it finally declared independence from Europe and ended a two-century-old fixation with Western civilization. The fact is that the long era of Europe's predominance in culture and in trade is coming to an end.

With its rapidly falling birthrates, Europe simply does not offer future growth markets.

urban "melting pots" of contemporary America are located not along the Atlantic seaboard but in southern Florida with its links to the Afro-Hispanic Caribbean basin, in the Texas-Mexico border region and in the western states on the Pacific rim.

Big Changes Are Coming in International Relations

THE end of the century is going to see major changes in the structure of international relations as they developed after the end of World War II. One of the ironies of the current situation is that the two superpowers are conducting international affairs as if they were the principal relevant factors when in fact over the next decade new power centers will emerge that will make the relative position of the two superpowers less significant.

Inflation: The Time for the Fed to Act Is Now

WASHINGTON — "The Federal Reserve's job is to take away the punch bowl just when the party gets going," said William McChesney Martin, the Fed's chairman from 1951 to 1970. The party's going just fine. Indeed, it's time to take away the punch bowl. Since World War II, the worst mistakes in American economic policy have occurred when prosperity seemed strongest. Most of inflation fighting it then required high unemployment and prolonged economic stagnation. The lesson: a pre-emptive strike against inflation makes sense.

Japan rose 21 percent. Markets in other parts of Asia, notably China, as well as in such developing nations as Brazil expanded even more rapidly. With their rapidly falling birthrates, the European countries simply do not offer future growth markets for American business.

Non-European newcomers can help shift America from its traditional European enclaves toward a more multicultural and multicultural identity. In a future shaped by countries of Asia and the Third World, all Americans must learn to regard these histories and cultures as equally as relevant as those originating in Europe.

Every level of government has to be involved. The federal effort, now scattered among dozens of agencies, should be pulled together by a cabinet-level director in the president's office, a "drug czar" who would draw up a national drug budget and strategy.

On law enforcement, the plan would reduce and prison logjams that slow drug predators to walk free. There would be more money for state prosecutors and 20 new federal judgeships. U.S. magistrates could take drug cases. Criminal penalties would be increased. Special help would be dispatched to particularly bad drug areas.

Five-year funding for education, prevention and treatment instead of the yearly hassle. Special attention would be given to areas where use of drugs creates high risk of AIDS. There are dozens of other suggestions important individually but particularly as part of a comprehensive and comprehensive plan of action.

100, 75 AND 50 YEARS AGO

1888: Slavery in Africa PARIS — The church of St. Sulpice was crowded to overflowing [on July 1] by a sermon by Cardinal Lavigerie, Archbishop of Algiers and Cardinal of the Holy See. His Eminence appealed to the congregation to aid with the scourge of slavery, the horrors of which are little known in Europe. The slave trade was but the effect of a America had just set a noble example by shutting up one of the markets to which the poor wretches were sent. Yet slavery in Africa was one hundred times more dreadful. The number of slaves sold each year amounted to 400,000. To capture these, at least 2,000,000 were massacred.

Now a Plan For Action On Drugs

By A. M. Rosenthal

NEW YORK — Well, at last. Along comes a new proposal for drug action that is clear, sensible, comprehensive, entirely doable. It is based on solid thinking about what the problems are, makes choices about priorities, sets goals and outlines organization. It could finally, finally give the country a known plan and a rational strategy for fighting narcotics.

The emphasis shifts to fighting drugs at home.

money, they have very specific ideas of how it should be spent. They propose to spend 60 percent of the total to try to reduce the demand for drugs, through treatment, education, policy and punishment, and 40 percent on fighting to diminish the supply through interdiction and eradication of drug crops abroad.

PENTAGON: (Continued from page 1)

Mr. Carlucci also said the Pentagon was reviewing existing contracts with four companies named as the recipients of the Pentagon's money: the Hazeltine Corp., the General Electric Co., and the Lockheed Martin Corp. The Pentagon was among the top 100 companies in the largest single weapons systems in the world.

1938: Not All Gladiators

ROME — Only 58 out of 90 Fascist secretaries and inspectors of the Fascist party succeeded in passing the round of physical training tests held in the Forum Mussolini under the leadership of Achille Starace, secretary of the party, they swam, jumped, vaulted, ran and shot, and leaped over a hedge of bayonets. Further tests included vaulting over armored cars and through blazing hoops.

TV: High Politics

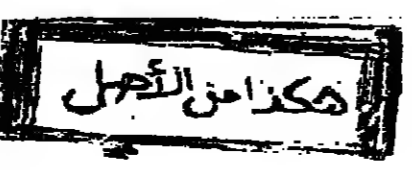
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Now a Plan For Action On Drugs

By A. M. Rosenthal NEW YORK — Well, it has been a long time that a clear, comprehensive, entirely realistic plan has been thinking about what the goals and outlines of such a plan should be. It could finally, finally give us a known plan and a strategy for fighting narcotics.

The emphasis shifts to fighting drugs at home

money; they have very specific ideas of how it should be spent. They propose to spend 10 percent of the total to try to reduce the demand for drugs through education, counseling and punishment and 40 percent on fighting to disrupt the supply through intensive eradication of drug crops abroad.



Boris Yeltsin appealed on Friday for his political rehabilitation at the Communist Party conference.

SOVIET: Sweeping Reform Backed as Meeting Ends

(Continued from page 1) Gorbachev declared to resounding applause. "One of the heroes of this conference was glasnost," he said, referring to the openness policy, a main plank of his reform program.

ROH: Seoul Proposes to End World Isolation of North

(Continued from page 1) "I'd like to go first," said Mr. Kim, whose firm has recently begun production of refrigerators in mainland China.

TV: High Political Drama Arrives on Soviet Screens

(Continued from page 1) underspace of the Ploshchad Tichaya subway station on Tulinskaya, said. "In the philosophical sense, things will be different, but only in a philosophical sense. I'm personally a bit disappointed. I'd hoped for more."

PENTAGON: \$1 Billion in Payments Suspended

(Continued from page 1) modernization programs, I would not yet put what we have done today in that category," he said.

S. Africa Clerics Ask Vote Boycott

United Press International JOHANNESBURG — Dissident church leaders Thursday called on about 10 million Christian followers to boycott national wide voting in October for "sinful" segregated town councils, openly defying a government edict banning such protest.

U.S. Offers \$500,000 For Attaché's Killers

Reuters WASHINGTON — The United States has offered a reward of \$500,000 for anyone who helps bring to justice the killers of a U.S. military attaché in Greece.

East Europe Watches Moscow for Clues to Future

By John Tagliabue New York Times Service PRAGUE — The Soviet Union's closest East European allies are following the Moscow party conference intently, evidently convinced that, as the cards are dealt there, their own hands may be shaped in future political and economic decisions.

WALL: Bizarre Flight

(Continued from page 1) no-man's land between two 4.5-meter-high (15-foot-high) concrete walls, the eastward escape proved benign and brief.

Soviet Bourse? A Moscow Aide Voices a Hunch

Reuters MOSCOW — A senior Communist Party official predicted Friday that the Soviet Union would eventually consider the formation of a stock exchange under reforms promoted by Mikhail S. Gorbachev, the Kremlin leader.

Honecker Resists Change

Serge Schmemmann of The New York Times reported from Bonn on Friday: Although the East German press reported fully on the keynote speech by Mr. Gorbachev to the Soviet party conference, East Germany's leader has repeatedly made clear he has no immediate intention of importing any of the Soviet general secretary's program of change.

Iran Link Is Alleged in Palme Death

STOCKHOLM — The man who headed an abortive, secret investigation into the murder of Prime Minister Olof Palme said Friday that he believed Iran was behind the 1986 killing and may be planning a new assassination.

MISSILE: U.S. Puts Ship Off Underground Iran Site

(Continued from page 1) United States retaliated for that attack, officials said, it chose not to hit missile sites because no missiles were at the facilities.

INTERNATIONAL EDUCATION DIRECTORY

Directory listing educational institutions in Austria, France, Switzerland, and Boston. Includes details for Innsbruck International Summer Institute, Tasis (one school, four countries), and College Alpin International.

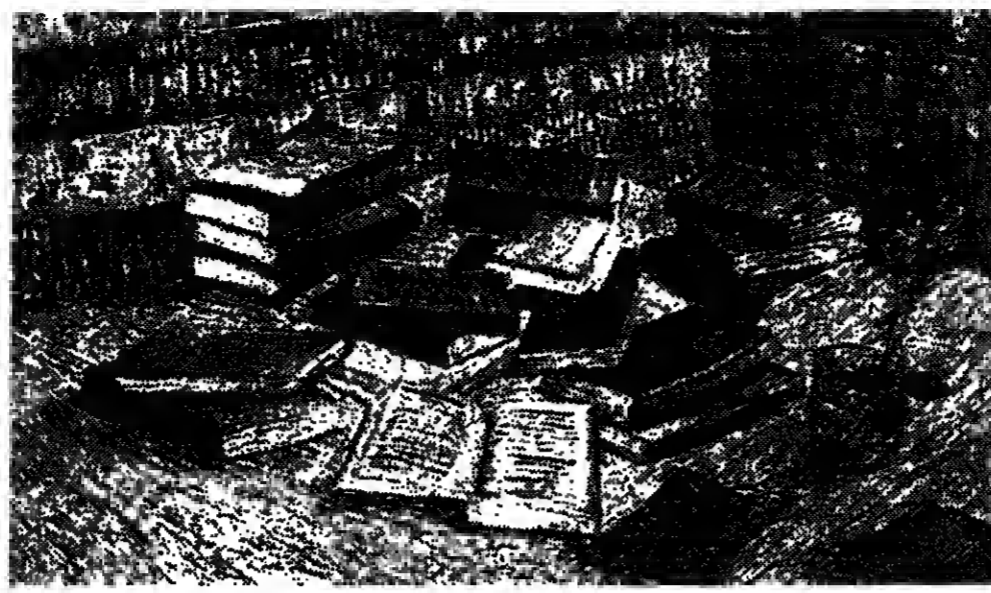
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ARTS / LEISURE

At the Art Sales, Prices Take Off

LONDON — The latest round of Impressionist and Modern Master sales in London, in which more than £70 million (\$119 million) in pictures and sculptures changed hands...



Van Gogh's "Romans Parisiens (Les Livres Jaunes)" sold for £7.15 million at Christie's in London.

SOUREN MELIKIAN

relevance to prices than the appearance and quality of the work. The ultimate in this line may have been reached at Christie's, which made a killing Monday with a van Gogh bordering on banality and a Monet that is not truly Impressionist.

in 1870, took an important part in the early development of Impressionism. But this particular landscape, which focuses on the medieval postern, looks like an oversized illustration taken out of "La France Pittoresque."

of the auction was a painting done by Monet at the height of the first Impressionist phase, in 1876. There are not many of these around and the subject, a woman reading in a meadow, is attractive. Having said that, the picture lacks the great achievement of Monet at that period — the kind of shimmering light that molds volumes and defines perspective through different grades of the same tonality.

A striking illustration of the growing tendency of private owners to handle works of art as sheer commodities was provided Monday by the separate sale of 12 pictures "from the collection Alan Clore."

IMPORTANT INTERNATIONAL AUCTION

Advertisement for an international auction held at Frankfurt-Airport-Hotel Sheraton from July 13-14, 1988. It lists various items for sale and provides contact information for Henry's & Uto.

Even more astonishing is the record set 10 minutes later for Chagall, when "Paris, La Grande Rue" (1911-12) went to £1.63 million. It is typical in every respect. At the time of the Chagall retrospective at the Royal Academy in 1985, Susan Compton noted in the catalogue: "This unusual picture follows the motif so closely that it is almost certainly based on a contemporary postcard."

At first, bidding from the room was sluggish. In the event, the battle was fought out over the telephone between unidentified contestants. The final price, £14.3 million, was more than twice what experienced dealers had considered the highest conceivable figure.

The Bazille and the Chagall helped to that effect, as did an admirable pastel portrait by Manet at £1.21 million. A fine Renoir, however, and a not-so-fine Renoir were respectively bought in at £1.7 million, against an "estimate" of £1.8 to £2.5 million, and £1.4 million ("estimated" £2.5 to £3 million). Christie's was accordingly instructed to negotiate the failed pictures after the auction and did so at prices close to the last buy-in figures, bringing in an extra £3 million or so.

Advertisement for a jewelry auction titled "VENTE AUX ENCHERES PUBLIQUES" held at Paris - Drouot Richelieu on Tuesday, July 19, 1988. It features a large image of a diamond necklace and lists various jewelry items for sale.

Advertisement for Verdura jewelry, featuring a crown logo and text: "We are interested in purchasing any VERDURA jewellery or objet d'arts."

Vengeful Architecture

A Slick Search for Discomfort and Conflict

By Benjamin Forgey Washington Post Service NEW YORK — "Deconstructivist Architecture," the galvanic exhibition at the Museum of Modern Art of 10 projects by seven architects, represents a comeback of modern architecture after two decades of eclipse.

It is hard to say precisely what comprises "deconstructivist architecture." The word "deconstructivism," coined by the critic Joseph Giovannini, is a conflation of the words "deconstruction," as an esoteric French literary and philosophical movement, and "constructivism," the art and architecture of the Russian avant-garde in the years immediately preceding and following the 1917 revolution.



Model of the Himmelblau project for Hamburg.

The skyscraper designed for Hamburg by the Himmelblau cooperative, with its sharply angled planes and skewed geometries, is wonderfully dynamic, but it is just another megastructure. ("Not even AT&T would have enough money to build this one," Johnson quipped.)

Daniel Libeskind's "City Edge" project is an astonishing tour de force — situated next to the Berlin Wall, it is a long rectangular tube that rises at an angle from the ground at one end and is supported at the other by 100 feet (30 meters) in the air, by an angled cluster of steel columns.

Peter Eisenman's design for a biological research center in Frankfurt, which may not be built despite the fact that it won the competition for the project, is a set of daring, systematic variations on an esoteric theme. As his building blocks the architect took "the four basic shapes biologists use to describe fundamental biological processes" and subjected them to systematic distortion.

The exception is Bernard Tschumi's Parc de La Villette, partially completed in Paris. Alone among these projects does Tschumi's huge park, on the site of the city's 19th-century slaughterhouses, comprehensively address a social concern beyond the needs of a specific client — urban recreational forms for the 21st century.

INTERNATIONAL ART EXHIBITIONS

A grid of advertisements for various international art exhibitions. Includes 'COLERIDGE BRITISH CONTEMPORARY ART GLASS GALLERIES', 'MUSEE RODIN DODEIGNE', 'WALLY FINDLAY Inc', 'SIMBARI', 'MUSEE RODIN Giuseppe PENONE', 'LOBO Sculptures', 'GALERIE DE LA CORRATERIE ECOLE DE PARIS', and 'SCUOLA GRANDE SAN TEODORO - CAMPO SAN SALVADOR DALI'.

DOONESBURY

A collection of cartoon panels from the comic strip 'Doonesbury'. The panels feature characters like Roz Doyle and Gribble, with humorous dialogue and social commentary.

A vertical sidebar containing several smaller advertisements and notices, including 'ECONOMY', 'Looking Past For a Believe', 'Current', 'Interest', and 'Forward Rates'.

هكذا من الأهل

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SATURDAY-SUNDAY, JULY 2-3, 1988

ECONOMIC SCENE

Looking Past Speeches For a Believable Budget

By LEONARD SILK, New York Times Service

NEW YORK — The connection between a country's internal and external deficits is clear: If it invests more than it saves and consumes more than it produces...

Building Spending Up in U.S. Private Housing Remains Weak

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. spending on new construction rose 1.1 percent in May but the bulk of the increase came in commercial building...

One expert says the overall structural deficit will remain at about 4 percent of GNP.

Until now Mr. Dukakis has been vague on how he would eliminate the budget deficit. He has said it would be irresponsible for him to get too specific before gaining the presidency...

Mr. Bush's advisers insist that their long-term budget-balancing plan is not based on rosy assumptions, noting their use of the CBO's projections, which, they say, are "less optimistic" than those of the Reagan administration...

BUT THE staff director of the Senate Budget Committee, Richard N. Brandon, contends that the budget office's projections are based on overly optimistic assumptions...

The Bush assumption that about \$60 billion of the budget deficit in 1993 will be eliminated by the drop in interest payments, as a result of the financial markets' acceptance of the credibility of his budget-balancing plan, raises doubts...

With the economy steadily growing, efforts to keep the dollar stable are likely to keep interest rates high or raise them higher. But if the dollar does fall further to keep the trade deficit shrinking, financial markets would anticipate even stronger upward pressure on interest rates.

The markets, and the rest of the country, are still looking for a creditable plan to balance the budget — from both candidates.

Wartsila Plunges Into a New Field

Sights Set on Jules Verne World of Tourist Submarines

By Steve Lohr, New York Times Service

HELSINKI — Compared to its orders for nuclear-powered icebreakers and luxury passenger liners, tourist submarines might seem small potatoes...

With a buxster's sense of optimism, Wartsila's promotional literature notes that more than 70 percent of the world's surface is covered by water...

Wartsila is completing work on two tourist submarines for delivery later this year, including one to a Japanese operator, and is holding discussions with a bevy of other potential customers...

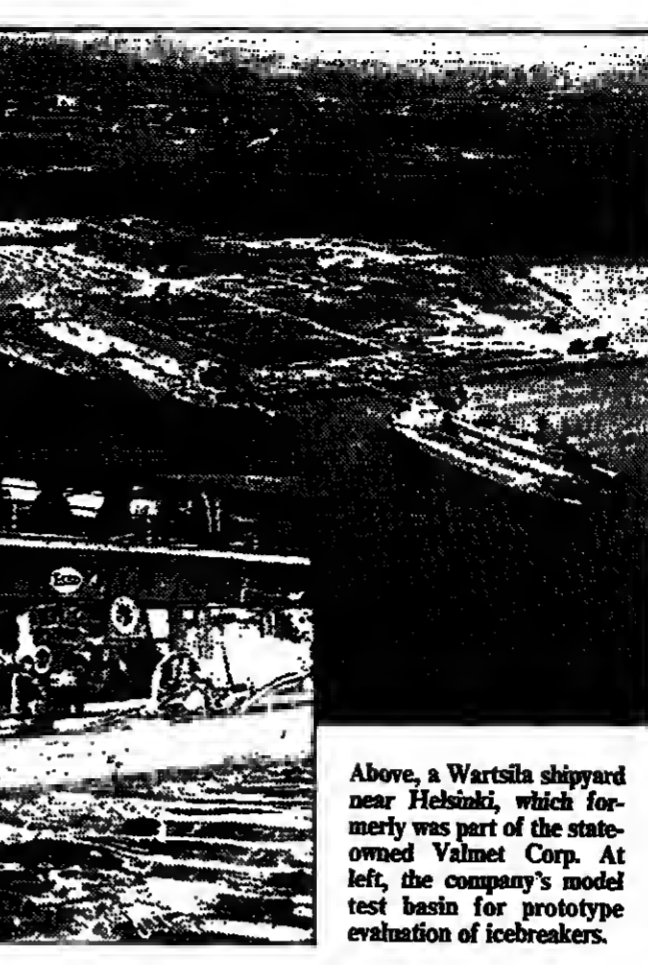
Just over a month ago, one 60-foot (20-meter) version of the Wartsila tourist submarine began sailing through the depths of Lake Simojarvi...

Wartsila has managed to keep its operations going by capturing large shares of smaller, specialized segments of the industry.

The Helsinki-based company, for example, holds 60 percent of the world's market for ice-

berators.

See SHIPS, Page 13



Above, a Wartsila shipyard near Helsinki, which formerly was part of the state-owned Valmet Corp. At left, the company's model test basin for prototype evaluation of icebreakers.

Dollar Buoyant Despite Sales by Bank of Japan

NEW YORK — The dollar ended a hectic week Friday buoyant but off its highs after the Bank of Japan joined the Bundesbank in trying to stop a three-week surge in its value.

The dollar still closed at its highest level against the yen this year in Europe, and extended that gain in New York trading before retreating slightly.

"Unless the Bank of Japan intervenes aggressively," said Tim Fox, an analyst at Barclays Bank, "the market will continue to push the dollar against the line of least resistance, the yen."

For the first time this week, after other central banks had tried with only moderate success to blunt the dollar's rise, the Bank of Japan was seen intervening in Singapore, selling dollars for Deutsche marks, but not for yen.

Some dealers in New York suggested that the sales, when the dollar traded at 1.8225 DM, was on behalf of the Bundesbank rather than for the Japanese central bank itself.

In Europe, the Bundesbank intervened repeatedly at about the same level, dealers said. The Bank

of France was reported as a seller of dollars for francs.

In New York, the dollar rose to 134.15 yen from Thursday's 133.025 after touching a high of 134.75 in light trading ahead of the long holiday weekend.

It rose to 1.8205 DM from 1.8140 Thursday; to 1.5135 Swiss francs from 1.5040; and to 6.1385 French francs from 6.1170.

The British pound eased to 1.6935 from 1.7115. In Tokyo trading, the dollar broke through 134 yen, where heavy selling had been expected.

Some dealers predicted that the dollar could top 137 yen next week, as the Bank of Japan is not expected to intervene significantly.

The dollar's surge by around 7 percent in the past few weeks reflects market optimism about the U.S. economy, economists say, and America's ability to narrow its trade deficit.

But governments whose currencies are depreciating fear that import prices will rise, fueling inflation.

Dealers said that the dollar closed firm on strong speculative buying, underpinned by comments from Robert Ortner, the U.S. undersecretary of commerce for economic affairs, that the recent rise in

See DOLLAR, Page 15

Japan's Surplus Shrinks As Imports Surge Again

Compiled by Our Staff From Dispatches

TOKYO — Japan's trade surplus shrank in May, official figures released Friday showed, while its unemployment rate marked a three-year low and inflation was minuscule.

The country's surplus in the current account, the broadest measure of trade, fell to \$5.79 billion in May from \$7.11 billion in May last year and \$7.12 billion in April, the Ministry of Finance said in a preliminary report.

This was the second sharpest year-to-year decline in 1988, or to a 27.6 percent drop in January. Seasonally adjusted, the surplus

was \$5.99 billion, down from \$6.91 billion a year ago and \$6.37 billion in April.

The merchandise trade surplus was slashed to \$6.6 billion in May from \$8.11 billion the previous year and \$8.49 billion in April. Year to year, May imports surged 34 percent to \$13.45 billion, while exports rose 10.5 percent to \$20.06 billion, the ministry said.

The jump in imports, which brought them within about \$1 million of the record set in April, was led by nonferrous metals, steel lumber and crude oil, officials said.

Currency Rates

Table with columns for currency, rate, and date (July 1). Includes entries for Australian Dollar, Canadian Dollar, Swiss Franc, etc.

Other Dollar Values: Currency, Par \$, etc.

Forward Rates: 30-day, 60-day, 90-day, etc.

Interest Rates: Eurocurrency Deposits, etc.

Asian Dollar Deposits: 1-month, 3-month, etc.

U.S. Money Market Funds: Merrill Lynch, etc.

Gold: 100 grams, etc.

Daimler Says Sales Rose in Half, Car Demand Has Peaked

STUTTGART — Daimler-Benz AG, the diversified automaker, reported Friday a 5.2 percent increase in group sales to 34 billion Deutsche marks (\$18.68 billion) in the first half of 1988 from 32.3 billion a year earlier.

But the company said that this generally favorable development should not obscure the fact that demand for cars had passed its cyclical peak and was now in decline.

The company has already announced precautionary plans to cut 1988 car output by 4 percent to 573,000 units from 598,000 in 1987.

Despite the generally sluggish outlook for car sales, the group's managing board chairman, Edzard Reuter, said at the annual meeting that he expected sales in all its companies to increase 8 percent for the full year to about 73 billion DM after 67.5 billion in 1987.

Edzard Reuter, left, managing board chairman of Daimler-Benz AG, listening to the deputy chairman, Werner Niefer, on Friday.

Export sales and domestic sales hardly grew. Commenting on first-half sales at Daimler subsidiaries, Mr. Reuter said revenue rose about 11 percent at AEG AG to 5.8 billion DM.

Daimler owns 56 percent of the electronics group. Sales rose by 8 percent to 700 million DM at the aircraft maker Dornier GmbH, of which Daimler acquired 65.5 percent in 1985.

Truck production increased 15 percent in the first half, as 10 percent more vehicles were produced in West Germany and 22 percent more abroad, Mr. Reuter noted.

Daimler said commercial goods vehicles production, including vans, trucks and buses, should rise by 12 percent to 260,000 units in 1988 because of lively domestic and foreign demand, especially for heavy trucks.

Mexico, Creditors Study Plan to Trim Debt 10%

MEXICO CITY — Mexico hopes to reduce its \$100 billion foreign debt by 10 percent before December as a result of new debt-exchange plan under negotiation with creditors, Finance Minister Gustavo Petricoli said.

He said Thursday that Mexico was studying a contingency credit option to guarantee interest payments and satisfy one major concern of its bank creditors. If successful, he said, the program could reduce Mexico's foreign debt by \$10 billion.

Mr. Petricoli said Mexico was discussing two or three mechanisms with governments including Spain, Britain, Japan and France. A debt-for-bonds plan, launched at an auction in February, resulted in Mexico's accepting only \$3.67 billion in bids from commercial banks and a net reduction in its debt of \$1.1 billion.

A debt-for-bonds at the time was that although the principal of the 20-year Mexican government bonds was secured by Mexico's purchase of an equivalent amount of U.S. Treasury zero-coupon bonds, interest payments were not guaranteed.

For this reason we are now working on an innovative scheme,

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Advertisement for JAPANESE SOUP BLYS with a picture of a bowl of soup.

Advertisement for WILD TURKEY featuring a turkey and text about the brand.

Large vertical advertisement on the left side of the page, partially obscured and containing various text and graphics.

NYSE Most Actives Vol. High Low Last Chg. Bellco 148240 27 1/2 26 1/2 27 1/2 +1/4 General 137340 23 1/2 23 1/2 23 1/2 -1/4 Amstar 132720 14 3/8 14 1/8 14 3/8 +1/8 ...					Market Sales NYSE 4 a.m. volume 22,334,960 ...					NYSE Index High Low Close Chg. Composite 154.82 154.82 154.82 -1.73 ...					Friday's NYSE Closing Via The Associated Press					AMEX Diary Class Prev. Advanced 328 44 ...					NASDAQ Index Class Chg. Week Ago Year Ago Composite 244.9 +1.2 371.42 +1.1 ...					AMEX Most Actives Vol. High Low Last Chg. ...				
Dow Jones Bond Averages Class Chg. Corporate 89.57 +0.02 ...					NYSE Diary Class Prev. Advanced 417 134 ...					Odd-Lot Trading in N.Y. Buy Sell %Chg. ...					Dow Jones Averages Class High Low Last Chg. Index 214.91 215.34 214.91 -1.13 ...					Standard & Poor's Index High Low Close Chg. Industrials 316.3 312.3 312.3 -1.58 ...					NASDAQ Diary Class Prev. Advanced 121 142 ...					AMEX Stock Index High Low Close Chg. 39.46 39.23 39.27 -1.25				

Tables include the nationwide prices as to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Sags in Heavy Trading

NEW YORK — Prices on the New York Stock Exchange retreated Friday in heavy trading as buying interest dried up before the three-day Independence Day weekend.

Once again, dividend-related activity in a handful of stocks inflated the volume. The Dow Jones industrial average, which rose 19.73 Thursday, fell 10.13 to close at 2,131.58. For the week, the index lost 11.38 points.

Declines led advances by about a 4-3 ratio in volume that rose to about 238.87 million shares from 227.41 million traded on Thursday.

Prices were mixed in slow trading of American Stock Exchange issues.

"It was a usual, preholiday session," said Larry Wachtel of Prudential-Bache Securities Inc. "All your action in the morning and then everybody goes home."

"Looking at the entire week, you can get an idea of how this market behaves," Mr. Wachtel said, noting that the market was down Monday, up Tuesday, down Wednesday, up Thursday and down Friday.

"It's very sporadic and that indicates there is no tremendous conviction out there," he said. "Despite the ups and downs, I think the market is building a launching pad for better things to come."

Broad indexes also pulled back. The New York Stock Exchange composite index fell 0.79 to close at 153.68. Standard & Poor's 500-stock index dropped 1.73 to 271.78. The price of an average share lost 17 cents.

Joseph Barthel, director of technical strategy at Butcher & Singer Inc., blamed part of the market's weakness on renewed concern over the health of the Japanese stock market.

"There is a growing fear on Wall Street that the Japanese market has recorded a top or is entering the throes of a serious correction," Mr. Barthel said.

Stock prices fell sharply Friday on the Tokyo Stock Exchange. The Nikkei average of 225 selected issues lost 265.87 points to close at 27,503.53.

"We just don't know what impact a serious correction in Tokyo would have on this market," he said.

"As a result, we are seeing some early selling ahead of the long weekend. Before we come back on Tuesday, there will be two days of trading in Tokyo that we can't react to."

Among the blue chips, General Electric was off 1/4 to 42 1/2. Carolina Power & Light followed, unchanged at 34 1/2. Illinois Power was third, down 1/4 to 19 1/4.

AT&T fell 1/4 to 26 1/2. IBM was off 1/8 to 126 3/8. Among the blue chips, General Electric was unchanged at 43 1/2. Woolworth was down 1/8 to 5 1/8. Eastman Kodak was up 1/4 to 45 1/2 and Merck was down 1 to 55 1/2.


The Amex market index fell 0.25 to close at 309. The price of an average share lost 1 cent. Advances barely led declines among the 840 issues traded. Volume totaled 9.03 million shares, down from 10.76 million on Thursday.

Drama Petroleum led the Amex actives, up 1/32 to 1/32.

The National Association of Securities Dealers composite index added 0.04 to close at 394.70.

12 Month	High	Low	Stock	Div.	Yld. %	PE	12 Month	High	Low	Stock	Div.	Yld. %	PE
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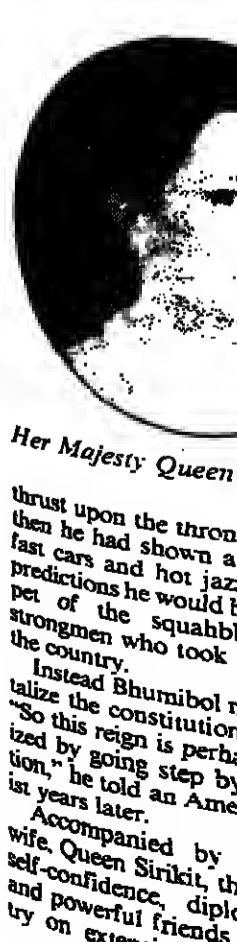
Her Majesty King's innumerable gifts...

New Monarchy For King

Bhumibol Aduladey
and nation-binding est reigning monarch

The milestone is being by his countrymen were perhaps no other 23 blueblood could elicit. His blood is hardly the standing attribute. 23 years, 23 days on the Bhumibol has somewhat generally risen above events to become, in the British television profile of a nation.

Through nine coup constitutions and numerous changes, the monarchified stability, reason. And as crowns to violence in neighboring he grappled with the revolution; poverty and American-born. Sw the inexperienced te



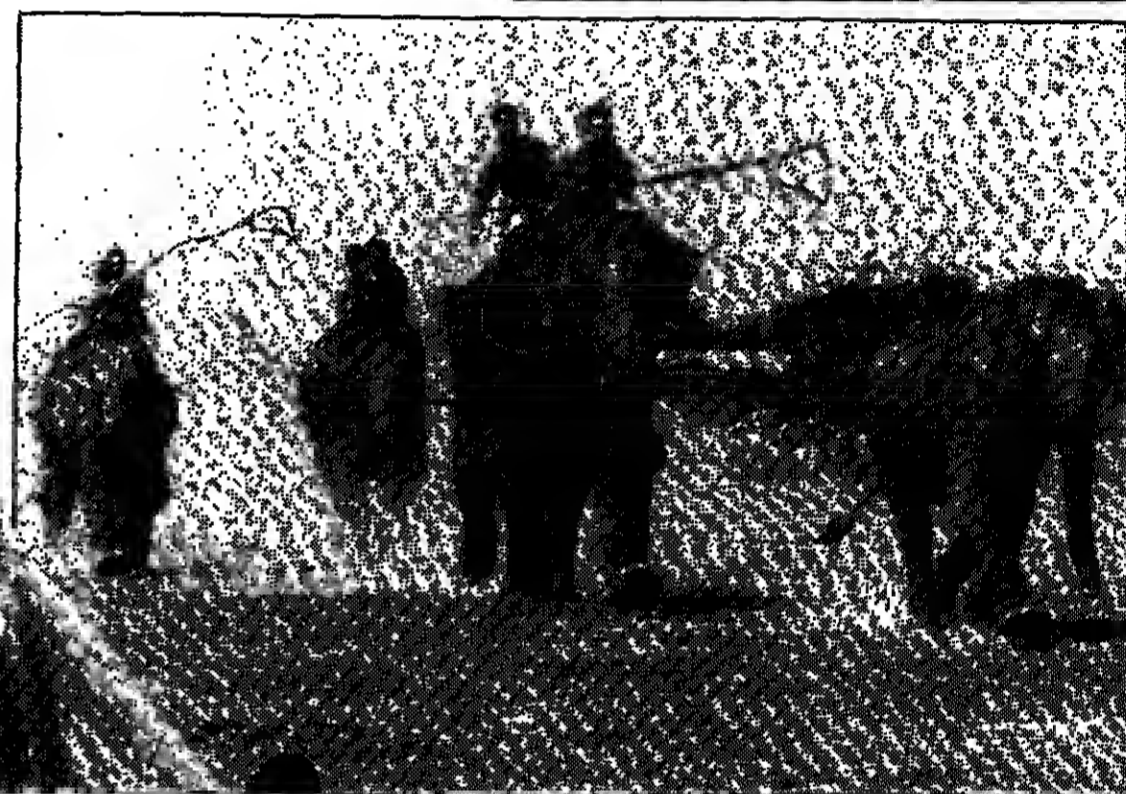
thrust upon the throne then he had shown a fast cars and hot jazz. predictions he would be stronger when the squabbling whom he took to the country.

Instead Bhumibol m. "So this reign is perpetuated by going step by 15 years later.

Accompanied by his wife, Queen Sirikit, the self-confidence and powerful friends for try on extensive trips

HIS MAJESTY KING

Thailand



His Majesty King Bhumibol Adulyadej (above) has ruled, through innumerable governmental changes, for over 42 years.

Tourist attractions include the floating market at Damnoen Saduak (left), elephant roundups in Surin (above) and classical Thai dance (top).

New Milestones Reached For King and Country

Bhumibol Adulyadej — Thailand's vastly popular and nation-binding king — today becomes the longest reigning monarch in his country's 700-year history.

The milestone is being celebrated by his countrymen with a fervor perhaps no other 20th-century blueblood could elicit. But longevity itself is hardly the king's outstanding attribute. During his 42 years, 23 days on the throne, King Bhumibol has sometimes stilled, generally risen above, turbulent events to become, in the words of a British television profile, "the soul of a nation."

Through nine coups d'etat, ten constitutions and innumerable government changes, the king has personified stability, reason and tradition. And as crowns toppled amidst violence in neighboring Indochina, he grappled with the root cause of revolution: poverty and social injustice.

American-born, Swiss-educated, the inexperienced teenager was

North America and other Asian countries in the 1960s. The slim, boyish-looking king impressed, the queen charmed the likes of Charles de Gaulle and Dwight D. Eisenhower.

At home, Bhumibol took his constitutional prerogatives. Unsmiling, meticulous, iconic, he presided over the innumerable religious and royal ceremonies that are vital to Thai self-perception. And, perhaps most importantly, he and his family built up a mass following in the rural, often poor, heartland.

"We decided (in the late 1950s) that Thailand was too poor to support a conventional monarchy like those of Europe. The king decided that we must be able to help the government solve the people's problems," Queen Sirikit has said.

The king proceeded to initiate more than 1,000 rural development projects, including a pioneering and largely successful effort to wean hilltribes away from growing opium in favor of other cash crops. He hiked into remote hill villages and squatted in the dust with lowland rice farmers, settling disputes, personally designing small-scale dams and prodding ineffective government officials.

Despite immense wealth passed down by his ancestors, opulent palaces in the Thai capital and talents aplenty (he is an artist, linguist, photographer, inventor, international class sailor and composer once featured on Broadway), the king, queen and some of their four children spend up to nine months of each year in the countryside. They fan out almost daily to oversee leper colonies, one-room schools, village fertilizer "banks" and weaving cooperatives for impoverished women.

The king's relationship with the country's hilltribe minority is illustrative. These dwellers of northern Thailand were traditionally out of sight, out of mind as far as government officials were concerned. Only opium smugglers, Chinese bandits and a few Christian missionaries ventured into this slice of the so-called "Golden Triangle."



From Rice to Riches: The Rise of the Bangkok Bank

Son of a southern Chinese clerk, Chin Sophonpanich began his working life cooking noodles and hauling rice bags. When he died in January this year at the age of 77, his business empire included Southeast Asia's largest bank and some 150 other companies.

The slight, unassuming immigrant was among a group of Sino-Thais who rose from literal rags to staggering riches in true overseas Chinese entrepreneurial style.

The centerpiece of Mr. Chin's empire, Bangkok Bank, is often said to be Thailand's most powerful institution — after the monarchy, army and government bureaucracy. Started in a Chinatown shop house in 1944, the bank bestrides Thailand's financial world as few private institutions do anywhere in the world.

It extends 30 percent of the loans; takes in more than 25 percent of deposits, and finances 30-40 percent of the country's exports — currently a prime propellant of the Thai economy.

While its domestic position is unassailable, the bank's 301 billion baht (\$12 billion) in assets also rank it 13th largest in Asia and 237th worldwide. Assets increased by 12.3 percent last year and a similar growth is predicted for 1988.

The bank's executive chairman, Amnuay Viravan, points out that Mr. Chin's death has had little effect on operations as he retired five years earlier.

Until his retirement, it was said, Mr. Chin knew more about the details of bank operations than any of his more than 16,000 employees. "The Chin family still has effective control," Mr. Amnuay said.

"But we all realize a company of this size cannot be run by any one man or family if you expect it to be competitive and efficient." The family controls about 35 percent of the shares and three sons hold top positions, but more outside professionals are occupying executive suites in the bank's 33-story headquarters on Bangkok's "Wall Street," Silom Road.

Mr. Amnuay foresees Bangkok Bank shifting from a largely "short-term credit institution" to long-term financing, consortium activities and battles with other world giants.

"We are diversifying our services. We have to, because in the future our business will be more internationalized," he says.

Mr. Amnuay and other bank executives like to portray, with considerable justification, Bangkok Bank as a partner with the government in formulating and helping implement key economic policies. In earlier days critics charged that Bangkok Bank manipulated political power for its own profit.

However it fares in its new ventures, it is unlikely the bank will expand as dramatically as it did under Mr. Chin. There are far more players in the Thai economy now, and more government regulation of the super-rich.

—T.V. Mecir

Economy Surges Forward On Third Economic Wave

Bolstered by a surge in exports, foreign investment and tourism, Thailand is riding what analysts call Asia's third economic wave, following in the wake of Japan and the continent's "Four Tigers."

With little fuss or fanfare, Thailand has outstripped its Southeast Asian neighbors and is widely expected to move into the ranks of Newly Industrialized Nations — or NICs — in the 1990s.

Senior banker and government adviser Olarn Chaipravat talks about the start of a "golden age," and while this may smack of hyperbole, even the biggest optimists have been underestimating Thailand's economic growth indicators, including the 7 percent GNP expansion last year.

Concrete evidence of boom times is etched on the Bangkok skyline: an ever-thicker phalanx of new company headquarters, five-star hotels and condominiums. Foreign tourists — a record 3.5 million came in 1987 — flock to temples and

palaces in the quieter, historic quarters of the capital.

In the countryside, the traditional economic bedrock, farmers are moving from staples to higher value crops — fancy vegetables, fruits, farmed shrimp — while still keeping Thailand the world's top rice exporter. The country also ranks fifth worldwide in overall food exports.

In provincial hubs and on the outskirts of Bangkok, new industrial estates and individual manufacturing enterprises are attracting both local and foreign investment. Many of them have come in search of highly skilled but relatively cheap labor; Thailand's wage rates are roughly one-fifteenth of Japan's and a sixth of Taiwan's.

See *Economy*, Page 10



Her Majesty Queen Sirikit.

thrust upon the throne in 1946. Till then he had shown a penchant for fast cars and hot jazz. There were predictions he would become a puppet of the squabbling, military strongmen who took turns running the country.

Instead Bhumibol moved to revitalize the constitutional monarchy. "So this reign is perhaps characterized by going step by step. Evolution," he told an American journalist years later.

Accompanied by his stunning wife, Queen Sirikit, the king gained self-confidence, diplomatic savvy and powerful friends for the country on extensive trips to Europe.

See *King*, Page 10

Tourism Heading For A Spectacular Year

Tourism-inspiring anniversaries, facts and figures have characterized the 1980s in Thailand.

The ruling Chakri dynasty and the kingdom's capital city both turned two hundred in 1982. King Bhumibol Adulyadej celebrated his 60th birthday (the completion of the fifth twelve-year cycle is a momentous event for every Thai) last December and today ceremonies throughout the country begin honoring the king as the longest-reigning monarch in Thai history.

Dates and milestones provide a good excuse for festivities. This week's commemorations, for example, include tonight's official opening of the Sukhothai Historical Park, which encompasses the grounds of the striking 13th century capital of Thailand.

Thais love statistics. Most are aware that the Tum Nak Thai restaurant earned a berth in this year's "Guinness Book of Records" as the world's largest restaurant and that

19-year-old Porntip Nakhirunkanok was recently crowned Miss Universe. Although she has lived in the United States for the past 17 years, the August return of Miss Universe to Thailand is perhaps more eagerly awaited than the national election on July 24 and the Bangkok Marathon on November 27.

The Tourism Authority of Thailand (TAT) cannily exploits these dates, events and figures to encourage tourists to flock to Thailand.

Prompted by the king's 60th birthday, and extended through last month, 1987's "Visit Thailand Year" helped attract 3.5 million tourists (an increase of 23.5 percent over 1986) who spent \$1.9 million (an increase of 32 percent over 1986). Although officials had ex-

See *Tourism*, Page 10

Thailand

Airline Merger Aims To Boost Tourist Trade

The smiling air hostess greeted the passengers boarding a Thai Airways International flight from Seoul to Bangkok: "Sawatdee," she said. "Welcome to Thailand."

"The smile, service, Thai food and orchids combine to create an exceptional airline even by Asia's high-quality standards," said an American banker who had chosen to fly from Seoul to London via Bangkok simply because he was hooked on Thai. "Today it is one of the best airlines in the world and the new Bangkok airport makes travel to, from and through Thailand increasingly simple."

Like the air hostess, the departure hall at Bangkok's International Airport is typically Thai. A stunning gilded teak wood pavilion sells arts and crafts while another outlet provides fresh orchids. The first-class departure lounge has marble bathrooms, private offices and enough amenities, said the American banker, to keep him happily occupied during the layover.

About 50 percent of all visitors to Thailand arrive on Thai Airways International, which recorded a 25 percent increase in passenger traffic last year.

"Our challenge is to continue to improve our image as a full-service airline," said Pratin Buranabunpot, the director of Thai's market planning and development department. "The latest objective is to create an interlinked international and domestic network with increased frequency and capacity to different destinations."

This goal was partially accomplished last April when Thai Airways International merged with Thai Airways.

Tourists and travel agencies are now able to use the homogenous carrier to arrange both international and domestic flights as well as package tours through Thai's Royal Orchid Holidays. The integration of reservations and flight operations, for example, simplifies the booking of both tickets and seats. Reservations can be made on a flight from Paris, or 42 other international cit-

ies serviced by Thai, to Chiang Mai, or 21 other domestic destinations handled by the airline, in a single operation.

"The merger boosts Thai tourism because there are coordinated connections to domestic destinations beyond Bangkok and expanded package tours," explained Dharmoon Prachuabmoh, governor of the Tourism Authority of Thailand, who noted that the airline may have some interesting competition in the 1990s with the implementation of an Orient Express-like train service from Chiang Mai to Singapore.

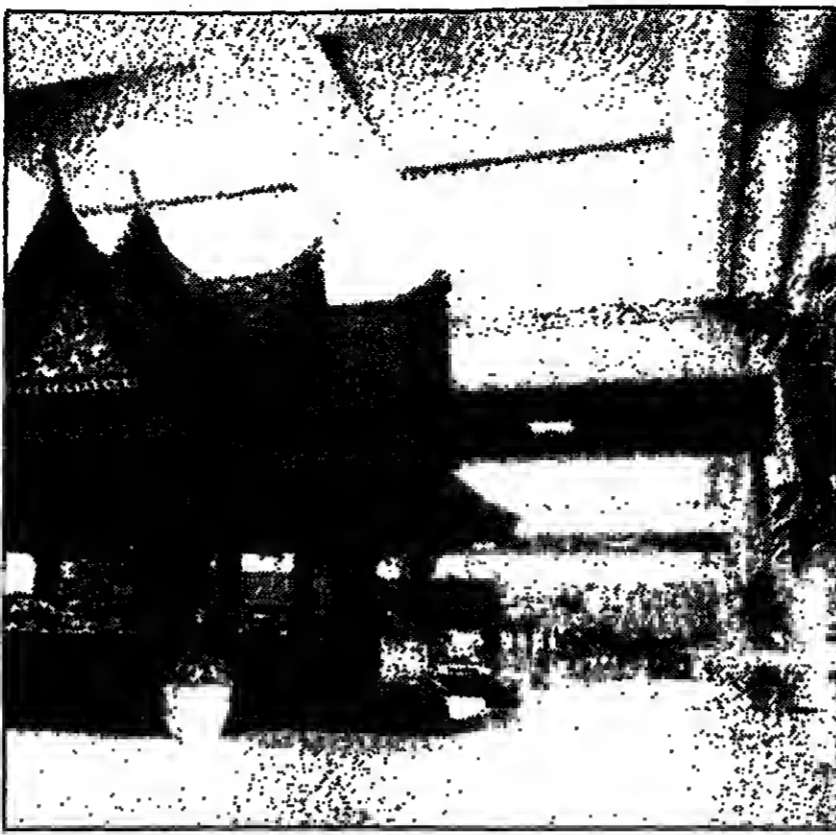
The government-controlled carrier is also purchasing additional aircraft and expects its fleet to increase to 50 aircraft by 1992. It has added five new international destinations — Auckland, Cairns, Madrid, Toronto and Vienna — and will gradually commence direct international flights to different destinations within Thailand.

"We will also continue to boost the number of its non-stop flights to Europe and promote the use of the Bangkok airport as a hub for other international carriers to encourage more stopovers and increase domestic travel," explained Pratin Buranabunpot.

Thai Airways International, which has 13,000 employees, currently operates at about 71 percent capacity and has recorded profits every year since 1965. Eighty-eight percent of its revenue is derived from international operations (including cargo and mail transport), 6 percent from domestic flights and the remainder from other operations such as the downtown duty-free outlets.

Profits during the first quarter of 1988 almost equaled that for the last entire fiscal year and observers agree that Thai's greatest challenge will be to improve its already reputable level of service.

—Joel Stratte-McClure



The new departure hall at Bangkok's International Airport.

King

Continued from page 9

Then, in the early 1960s, the king began taking hikes into their remote homelands, noting rampant disease, meager diets and a crippling dependence on opium. An initial royal project on pig breeding was followed by general agricultural development, education and step-by-step opium replacement. Government officials and foreign aid donors were quick to follow his lead, and consequently the hilltribes' living standards have improved markedly over the past decade.

Links such as these, which Bhumibol has forged with millions of his subjects, makes his position virtually invulnerable. By 1973, for example, it took only a few words from him to end a bloody, student-led uprising against a dictatorial trio. As street violence mounted, he allowed unarmed demonstrators to enter the palace and ordered his guards to remove the ammunition clips from their rifles. The troika was exiled.

In 1981, during Thailand's last major political crisis, a coup attempt by dissident military officers quickly crumbled after the king and members of his family left Bangkok

with Prime Minister Prem Tinsulanonda, the constitutionally elected leader. The king has only wielded such overt power during a few periods of national crisis, trying to maintain an admittedly difficult impartiality.

"A constitutional monarch must become a living symbol of his country," he has said of his job. "He must change with the country but, at the same time, he must keep the spirit of the country."

While some in academic circles debate the merits of a 20th century monarchy, criticism of the king himself is almost non-existent, even in private conversations.

Instead much of the recent talk about King Bhumibol has focused on possible abdication, something which palace officials deny. Those close to the throne say the 60-year-old king still has unfinished business. With external threats now minimal, living standards improving and the country probably as politically stable as it has ever been in modern times, Bhumibol may be looking with some concern at the price the country is paying for rapid economic and social change.

Even while Thai communist insurgents were posing a serious threat, he told a foreign journalist: "The publicized danger is communism. But the greed of our own people is more dangerous."

—J.S.M.

Unique Venture Backed By Public and Private Sector

By the end of this year, Thailand's first planned industrial town expects to have all its lots booked by Taiwanese, Japanese, American and European companies hoping to cash in on the country's manufacturing drive.

Widely regarded as a prototype, Bangpoo Industrial Estate is — uniquely — a government-private sector enterprise. As such, it can smooth a client's passage through often complex bureaucratic procedures — and speed up the granting of privileges due.

Another attraction is location: mid-way between downtown Bangkok and the Eastern Seaboard project, the country's ambitious industrial and cargo port scheme. Both areas are within an hour's drive of Bangkok.

Lots on the self-contained, 4,000-acre (1,600-hectare) estate have already been purchased by more than 150 companies, including ICI, Dupont, BASF, Delta Electric and Bangkok Container Industries. Chemicals, leatherware, textiles and food canning predominate.

Management provides utilities, waste water treatment, security and basic infrastructure, and is constructing residential areas, a school, hospital and golf course. Approved earlier this year for inclusion in the estate is an export processing zone (EPZ).

General Manager Paiboon Sumranpiti says land sales totaled 511 million baht (\$20.4 million) last year, with the price set at about \$52,000 an acre. With equivalent sales this year, the remaining 30 percent of land currently vacant should be taken by the end of 1988.

To date, 60 percent of Bangpoo's clients have been Taiwanese companies, 30 percent Japanese, and the remainder American, West European and Thai.

Though there were few takers during the estate's first ten years, they came flocking in as the Thai economy began its surge in early 1987. "We were in line with the government's policy to net foreign investment," says the general manager.

The government is involved through the Industrial Estate Authority of Thailand. The private sector partner is Thailand Industrial Real Estate Development Company, chaired by Udane Tejapaipul, Sino-Thai founder of an extensive financial empire.

—T.V.M.

Economy

Continued from page 9

A markedly improved political situation also appears to have helped boost outside investment. Talk about Thailand as "the next domino" that would fall to communists in neighboring Indochina is virtually non-existent. And domestically, Prem Tinsulanonda has become the longest-serving prime minister in modern Thai history, his eight-year tenure a sharp contrast to earlier coups d'état and attempted power grabs.

The Japanese are the leading investors, accounting for some 70 percent of outside investment capital approved by the government's Board of Investment last year. But there is also substantial interest from Americans, Western Europeans and the "Four Tigers" — Hong Kong, Singapore, South Korea and particularly Taiwan.

"We'd like nothing better than to diversify the sources of foreign investment," says Bangkok Bank executive chairman Annunay Viravan. "There is an optimum point beyond which you don't want your country to be influenced by an outside economy."

Thai economists say the country's current takeoff is the result of more than two decades of conscious effort converging with some fortunate timing.

In contrast to a longish list of developing nations, the Thai government subscribed to conservative fiscal management and eyed budgetary and trade deficits with proper alarm. It pursued energy alternatives, including offshore natural gas, to cut hefty oil import bills. And it encouraged diversification from basic agriculture — now contributing less than half the GNP — to manufacturing, which has been expanding at an annual rate of about 10 percent. With able assistance from private sector leaders, the domestic market mentality shifted toward export orientation.

Then came the lucky breaks: a drop in oil prices, lower interest rates and the decline of the U.S. dollar. On the Asian scene, first-wave industrial power Japan and the second-wave "Tigers" were looking to relocate their industries, casting about for cheaper labor, land and raw materials.

"Everything came into place and all of a sudden we found we could compete on the world markets," said Mr. Annunay, an early promoter of the export drive.

After several sluggish years, the economy began to move into high gear in early 1985, registering better growth rates than its five partners in the Association of Southeast Asian Nations (ASEAN): Indonesia, Malaysia, Singapore, Brunei and the Philippines.

By 1987, export earnings had risen 30 percent over the previous year, and were still moving at the same level for the first four months of 1988. Textiles, canned food, gems and jewelry, leatherware, plastic products and integrated circuits have been added to traditional exports like rice, rubber and maize. "All the favorable factors are structural, not cyclical," says Dr. Phisit Pakkasem, deputy chief of the National Economic and Social Development Board. "In the long stretch from 1960 to 1984, following the second oil shock."

While there is considerable self-congratulation going on, planners are already preparing for competition from China, India, Indonesia, Sri Lanka and other Asian countries where wages fall below those of Thailand. There is the further question of how Thailand can make a smooth transition to NIC status.

Dr. Phisit and others point out that with a per capita annual income of \$1,000, Thailand still has a way to go before it reaches the \$3,500 level which generally signifies NIC status. Others like Mr. Annunay also note that the country's industries are still over-reliant on outside technology.

Dr. Phisit, regarded as one of the country's top economic planners, lists other changes that should take place in the next few years, including a movement from family-owned companies to listed corporations, a shoring up of financial institutions and the training of more engineers and computer experts.

—T.V.M.

Tourism

Continued from page 9

pected foreign enthusiasm to wane, the number of visitors increased another 27 percent during the first quarter of 1988.

The numbers might fluctuate but there is no sign of the TAT altering its concerted drive to make Thailand a household word and a not-to-be-missed destination.

Queen Sirikit's 56th birthday on August 12 heralds the launch of the "Thailand Arts and Crafts Promotion Year," which involves a variety of fairs and fanfare to promote Thai handicrafts.

The queen is matron of the arts in Thailand and the promotional year includes the opening of new merchandising outlets for Thai handicrafts — jewelry, textiles, garments, artificial flowers, silk products, umbrellas, bronze and brassware and

hill tribe arts — throughout the country. In addition, events are scheduled in different international cities to promote Thailand.

Thailand also plans to play a pivotal role in the "Visit ASEAN (Association of South East Asian Nations) Year" scheduled for 1992 — when the country will coincidentally be celebrating the queen's sixtieth birthday.

"All these events combine to create a long-term coordinated program to attract a wide variety of tourists while simultaneously promoting the country's excellent service and facilities," explained Dharmoon Prachuabmoh, the governor of the TAT.

Can the tourism infrastructure cope with the rapid growth?

It looks like it. The new Bangkok airport makes international connections a breeze and the country has enough diverse domestic destinations to accommodate the tastes of tourists seeking variety — from calm Buddhist temples and virginal jungle to exciting nightlife and beckoning beaches — and other spices of life.

There may be an occasional shortage of hotel rooms in Bangkok, which continues to mature as a destination for convention and business tourism, but that is understandable in a city with reasonably priced hotels which deservedly have the reputation of providing the best service in the world.

Naturally Bangkok has some big-city problems which do not fail to strike a visitor. Although authorities are discussing rapid transit systems and thoroughways, the streets are a sprawl of pollution and noise created by trucks, cars, tuktuks (motorized three-wheelers) and motorcycles.

But this noisy and negative first impression actually has a positive impact. The frenzy makes a tourist's first relaxing moment — whether it is around the hotel pool, a visit to the Reclining Buddha, or full treatment (which ranges from ear cleaning and head massage to pedicure and foot massage) at the many renowned Thai barbershops — seem even more peaceful than it would in a place of pastoral calm.

In fact, visitors and foreign residents agree that what makes Thailand so consistently interesting is the calm Buddhist population (over

90 percent of the population are Theravada Buddhists) seemingly unbothered by such mundane problems as traffic, humidity and heat.

Bangkok, Buddhist tranquility and exceptional tourist attractions are only part of a visit to Thailand.

Shopping is a particularly profitable and pleasant pastime. Singapore or Hong Kong are better for electronics and high-tech items, but Thailand is a bargain for the many items detailed in the Official Shopping Guide published, along with recommended shops, by the TAT. It is rare to see a tourist not having a suit or silk ensemble fitted at one of the many tailors while simultaneously debating the value of a particular sculpture at the shop next door.

Thai food, of course, also has a hot reputation. There are hundreds of good restaurants, including a vast number of vegetarian eateries, throughout the country. But if you feel lonely join the other 2,999 diners at Tum Nak Thai (131 Ratchadapisek, Tel: 277-8833), which opened in 1985 on ten acres and thus earning it the title of the world's largest restaurant. The tables are located under well-lit open-air pavilions and amidst fish-stocked ponds. Some of the 1,000 employees take orders and serve on roller skates and about 30 percent of the guests are tourists.

"Visit Thailand Year" and the Guinness Book of Records helped us attract an increasing number of foreigners," explained Varavuth Satalin, assistant service manager. "If things keep growing we may have to become even bigger."

That would give Thais another statistic to tout, but the country plans to do more than rest on its current numerical laurels. A group representing a number of national businesses and organizations has been formed to help the TAT determine its future orientations.

"We want visitors to stay longer and consume the whole panorama that is Thailand," explained Dharmoon Prachuabmoh, noting that special discounts on hotel rooms and tours will enable tourists bound for or returning from the Seoul Olympics to visit Thailand for little extra cost. "Our challenge is to creatively enlarge the range of tourist activities while maintaining the level of service."

—J.S.M.

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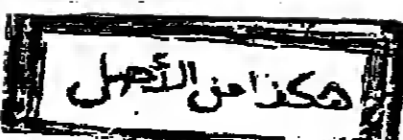
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"WE WILL REIGN WITH RIGHTEOUSNESS, FOR THE BENEFIT AND HAPPINESS OF THE SIAMESE PEOPLE."

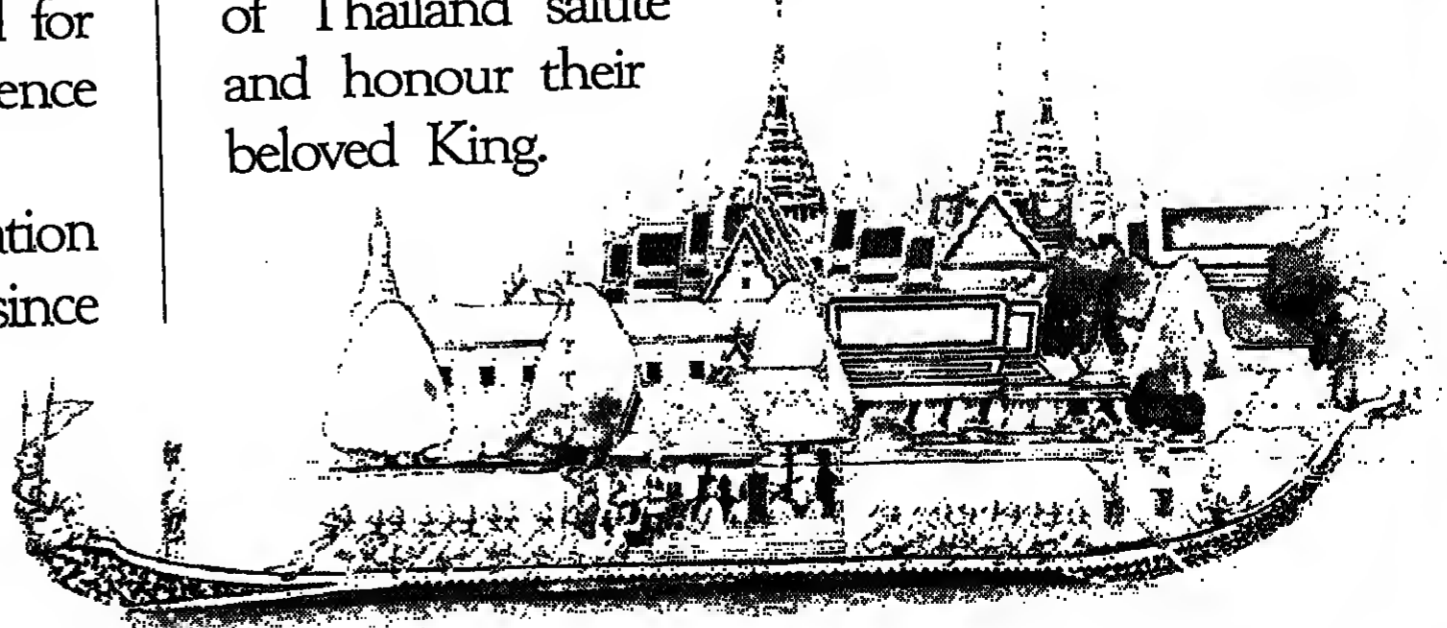
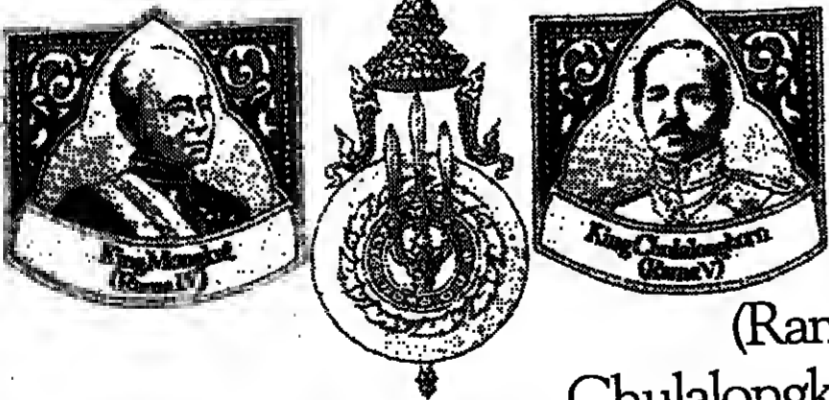
This solemn promise, the coronation pledge of Thai Kings throughout history, was affirmed by His Majesty King Bhumibol Adulyadej on being crowned Rama IX, ninth sovereign of Thailand's Royal House of Chakri. On that day, King Bhumibol Adulyadej became heir to the aspirations and the cares of the Thai people. It was indeed a heavy responsibility for the young monarch, who had succeeded to the throne on 2nd July, 1946 at the age of only eighteen.

His Royal forebears of the Chakri dynasty by their diligence and farsightedness secured both the independence and cultural integrity of the Thai nation. Such great figures as King Mongkut (Rama IV) and King Chulalongkorn (Rama V) are today still honoured for the prosperity their reigns brought to the people of the Kingdom, and for the crucial part they played in the emergence of modern Thailand.

The hopes and prayers of the Thai nation have been answered in the forty-two years since His Majesty King Bhumibol Adulyadej ascended to the throne. His Majesty's devotion to his people has been tireless. He has travelled the length and breadth of

his Kingdom, personally initiating many projects, both large and small, to further the happiness and well-being of all his subjects. No village is too remote, no task too arduous. Thanks to his keen intellect and caring nature, he has developed a deep understanding of the daily lives of the many and diverse peoples who together make up the Kingdom of Thailand.

On July 2nd 1988, His Majesty King Bhumibol Adulyadej becomes the longest-reigning monarch in the entire history of the Thai nation. Throughout the country, his people rejoice, not merely in celebration of this Royal milestone, but also with gratitude and pride. For the reign of King Bhumibol Adulyadej has been an outstanding period of achievement and advancement for the Thai nation. On this happy occasion, the people of Thailand salute and honour their beloved King.



A Joyous Era In The History Of The Royal House Of Chakri.



MINCE/THA/88/7

BUSINESS ROUNDUP

Hunts Give Up 50% Stake to Banks

By Thomas C. Hayes
New York Times Service

DALLAS — In a dramatic capitulation to the bankers they had battled in court for the past two years, the Hunt brothers of Texas have agreed to hand over a 50 percent stake in their cornerstone Penrod Drilling Co., in addition to \$300 million in cash, a note for \$300 million and various real estate holdings.

The terms, agreed on Thursday afternoon with Judge Harold Abramson of the Federal Bankruptcy Court in Dallas, was approved by a group of banks headed by Manufacturers Hanover Trust Co. of New York. The banks sued the Hunts in 1986 to recover \$77 million in overdue loans to Penrod. Its sister company, Placid Oil Co., owed another \$800 million, and is also reorganizing under Chapter 11.

"This is a major agreement," said a lawyer for the banks, who said the settlement was reached late last year, but details took months to negotiate, in part because of the oil service company's size. Penrod is considered the world's largest drilling company, with 54 offshore rigs and 55 land rigs.

Also, William Herbert Hunt's future role at Penrod was a contentious issue, the lawyer said. In the end, Mr. Hunt, who is 59 and has controlled Penrod as its managing partner since the early 1960s, agreed to yield that position indefinitely, although he hopes to retain a major role in Penrod's operations.

A Hunt spokesman, Tom Whitaker, said.

Penrod, with 2,300 employees, is to be run by trustees appointed jointly by representatives of the banks and the Hunt brothers. "It is in the best interests of the bank creditors and the trustees to operate Penrod" at peak efficiency, Mr. Whitaker said. "They will be able to agree" on Penrod's new top executives, he asserted.

The plan, filed late on Thursday afternoon with Judge Harold Abramson of the Federal Bankruptcy Court in Dallas, was approved by a group of banks headed by Manufacturers Hanover Trust Co. of New York. The banks sued the Hunts in 1986 to recover \$77 million in overdue loans to Penrod.

The Hunts also agreed to drop what many legal scholars considered an audacious courtroom challenge to the banks. The Hunts had asked for \$14 billion in damages for what they asserted was the banks' deception and fraud in efforts to "dismanle" and "ultimately destroy" Penrod and Placid Oil.

The settlement reached on Thursday covers only the Penrod debts. A similar plan that would give the banks a major stake in Placid Oil could also be agreed to later this summer, said the lawyer for the banks.

Norway Banks Expected to Match '87 Loss

Compiled by Our Staff From Dispatches
TOKYO — The Japanese government has not bought a U.S. supercomputer since signing an accord in August 1987 that promised to open its market, a U.S. trade official said Friday.

"I think disappointed is the word," said John McPhee, director of the U.S. Commerce Department's office of computers and business equipment, in describing the feeling of U.S. computer makers toward Japanese government procurement practices.

He said the Japanese government had purchased three Japanese-made supercomputers since the agreement. Japanese companies may have given discounts up to 80 percent of U.S. prices, Mr. McPhee said.

Mr. McPhee, who is leading a mission of six U.S. supercomputer and mini-supercomputer makers to Japan, said U.S. firms held an 80 to 85 percent share of the world supercomputer market, and were doing badly only in Japan.

"When you see virtually no sales here and such growth in the rest of the world, then something is out of line," Mr. McPhee said.

Disappointed Is the Word, U.S. Says

Despite Pact, Japan Ignores American Supercomputers

Mr. McPhee said the first three government procurements in Japan since the agreement went into effect, by the state-run Tohoku and Hokkaido universities and the High Energy Physics Laboratory, went to NEC Corp. and Hitachi Ltd., which along with Fujitsu Ltd. are Japan's leading computer makers.

The six U.S. supercomputer makers conducted a trade seminar and exhibition in Tokyo this week. The delegation consisted of representatives from Cray Research Inc., ETA Systems Inc., Evans & Sutherland Computer Corp., Myras Computer Corp., Prime Computer Inc. and Scientific Computer Systems Corp.

They came to Japan to familiarize potential Japanese clients with their technology and to study possible joint marketing of products with Japanese partners, said Lee Adamson, Prime Computer's senior manager for engineering and scientific sales support.

"We're having tremendous interest with prospects for accounts," Mr. Adamson said. "My experience on this mission with prospects

Placer to Sell Stake Back to Falconbridge

Reuter

VANCOUVER, British Columbia — Placer Dome Inc. has accepted an offer from Falconbridge Ltd. for Placer Dome's holdings in Falconbridge & McIntyre Mines Ltd. for 534.3 million Canadian dollars (\$440 million).

Placer owns a 19.4 percent stake in Falconbridge, a Toronto-based mining company, and a 52.9 percent interest in McIntyre, which in turn owns 10.1 percent of Falconbridge.

Placer said Thursday that it would realize a pretax gain of about 150 million dollars and an after-tax gain of about 126 million. It said the transaction would give other McIntyre shareholders a chance to receive 75.96 dollars for each McIntyre share, including an 11.96 dollar special dividend.

The purchase will give Falconbridge a 24.7 percent fully diluted stake in itself, the largest single block.

U.S. Airline Gets a European Reservations Opportunity

By Barry James
International Herald Tribune

PARIS — An agreement between American Airlines and British Airways gives the U.S. carrier an important opportunity to compete in the multibillion-dollar European market for computer reservations systems, industry experts say.

The companies reached a settlement earlier this week, by which British Airways agreed to allow its tickets to be machine-issued through the Sabre reservations system operating by American Airlines.

In exchange, American Airlines agreed to change the way it displays British Airways flights to give them greater prominence on the computer screens that travel agents use to select and reserve flights.

As a result of the agreement, American Airlines has withdrawn litigation in England's High Court as well as complaints before the European Community and the U.S. Department of Transportation. American Airlines had alleged that the denial of ticketing rights was an unfair trade restriction in favor of Travicom, British Airways' own reservations system.

Wartsila Sets Sights on Jules Verne World of Tourist Submarines

(Continued from first finance page)

breakers and about 30 percent of the market for luxury passenger cruisers.

In the field of oceanographic research and survey vessels, Wartsila is the front-runner in the 500-to-2,000-ton range, which is the business that spawned the company's plunge into tourist submarines.

"Wartsila has always managed to avoid the most popular area, whether it was tankers or offshore vessels," observed Jeffrey Friedman, president of Dreyfus Growth Opportunity Fund in New York, a \$575 million mutual fund that holds \$10.8 million worth of Wartsila shares.

The company strategy for survival, most analysts say, has been sharpened by the Finnish government. Unlike many European nations, Finland has refused to grant its shipbuilding industry any direct subsidies, forcing Wartsila to hone its marketing and to develop proprietary design-and-production technology.

After a half hour under Lake Simojarvi, the fish count was none too impressive: one minnow and a startled salmon.

Because of the cutbacks and a cyclical decline in new-ship deliveries, Wartsila's shipbuilding operations, accounting for about half of total sales, lost money last year.

With the pruning almost complete and new sales going onto the books again, shipbuilding is expected to about break even this year and return to profitability in 1989.

For the company as a whole, Wartsila's pretax operating profits are expected to more than double this year from last to \$88 million on a sales increase of 33 percent to \$1.6 billion. In 1989, pretax profits will reach \$120 million, analysts predict.

Besides shipbuilding, Wartsila produces specialized diesel engines, industrial robots and security systems.

Whether the Arctic entrepreneurs of Lake Simojarvi will make a profit on their venture is uncertain. In its first three weeks of operation, Finnish Submarine Tours carried 2,500 passengers with the adult fare at \$50 and half that for children.

Wartsila Sets Sights on Jules Verne World of Tourist Submarines

(Continued from first finance page)

Neighboring Sweden, by contrast, spent more than \$5 billion subsidizing its shipbuilding industry and today has no yards.

"Subsidies just don't work and the bad examples are all around us," explained Ilkka Suominen, Finland's minister of trade and industry.

The Finnish policy is not entirely laissez-faire. Two years ago, the government played a broker's role in encouraging the merger of the shipbuilding operations of Wartsila and another Finnish company, Valmet Corp.

Under a complex arrangement, the shipbuilding businesses of both companies were placed under Wartsila's control, while the paper-making division of Wartsila was handed over to state-owned Valmet. The government did grant a tax exemption for the merger.

State ownership of Valmet is a legacy of the postwar recovery years, when several major Finnish enterprises were put in government hands.

Since that arrangement with Valmet, Wartsila has cut costs, closing smaller yards and reducing the shuffling work force from 10,000 to 7,800.

Mr. Airas, 30, a former schoolteacher, explains that the company's fate will not rest entirely on the dubious appeal of the dark, chilly depths of the lake.

In fact, its tourist submarine will spend a lot of time outside Finland, with only June through August at home. For September and October, the vessel will dive outside Stockholm. It will go south for the rest of the year, and the Finnish company is negotiating with several concerns in the Mediterranean.

SHIPS: Wartsila Sets Sights on Jules Verne World of Tourist Submarines

(Continued from first finance page)

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International Classified (Continued from Back Page)

LOW COST FLIGHTS

Table with columns: One Way, Round Trip, Destinations (New York, San Francisco, Los Angeles, Dallas, Miami, Boston, Chicago, Vancouver, Rio de Janeiro, Tokyo, West Indies).

ACCESS VOYAGES

Table with columns: Destinations (London, Paris, Rome, Athens, etc.), Dates, Prices.

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Friday's AMEX Closing

Table listing AMEX closing prices for various stock categories including 12 Month, 6 Month, and 3 Month, with columns for stock name, price, and change.

Table of stock prices categorized by 12 Month, 6 Month, and 3 Month, listing various individual stocks and their market performance.

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 1st July 1983

Large table listing various international funds such as AL-MAL GROUP, EUROPEAN FUNDS, and others, including their units, prices, and performance metrics.

Other Funds

Table listing other funds including Floating-Rate Notes and various investment vehicles, with columns for fund name, price, and change.

Deutsche Marks

Table listing Deutsche Marks exchange rates for various currencies, including Japanese Yen, Pounds Sterling, and others.

Vertical text on the far right edge of the page, possibly from an adjacent page or a large advertisement, including phrases like 'DOLLAR: Cur...' and 'Fed Not Behin...'.

CURRENCY MARKETS

DOLLAR: Currency Buoyant Despite Japanese Sales

(Continued from first finance page)

The U.S. unit has been comparatively small. Although the Bank of Japan and the Federal Reserve have not actively intervened against the dollar, dealers remain wary of such action, particularly if the dollar continues to climb.

London Dollar Rate

Table with columns: Closing, Fri., Thu., Deutsche mark, Pound sterling, Japanese yen, Swiss franc, French franc. Source: Reuters

\$1.7005 after Thursday's 1.7075. As a result of repeated Bundesbank intervention Friday and West Germany's half-point rise to a 3 percent discount rate on Thursday, the dollar's London finish was barely higher than the close the previous Friday, when it ended at 1.8145 DM.

yen's rise these last three years, by capping the dollar's climb too quickly, said Mr. Fox of Barclays. The ministry is trying to muster all possible political support to get a tax reform package through parliament, according to analysts in Tokyo.

Dollar Signs From Tokyo

LONDON — The Japanese joined the West Germans on Friday in trying to stop a three-week surge in the dollar, but Tokyo said it would not follow the Bundesbank's lead in raising interest rates. Dealers in Singapore said the Bank of Japan sold a modest \$30 million to \$50 million for Deutsche marks in the currency market there, through a Japanese bank.

A Baker Reminder to the Cabinet

Secretary Warns Others Against Comments on Dollar

By Hobart Rowen

WASHINGTON — Treasury Secretary James A. Baker 3d warned other Reagan cabinet officials last week that because the recent rise in the dollar in foreign exchange markets had created a "very tender situation," all comments on the dollar should come from him or from President Ronald Reagan, according to one official who was present.



James A. Baker 3d

Mr. Baker's remarks came during an Economic Policy Council meeting at the White House, immediately after his return from the economic summit in Toronto. There, the Group of Seven leading industrial democracies reaffirmed their goal of achieving exchange rate stability and said that either a further decline in the dollar or an excessive rise would be "counterproductive" to the process of reducing trade imbalances.

Central bank intervention this week apparently was designed only to smooth the pattern of the increase, not to knock the dollar down, observers said.

Fed Not Behind Recent Rise in Short-Term U.S. Rates, Analysts Say

NEW YORK — The latest week's banking data show that the Federal Reserve has not changed its credit stance even though short-term money market rates have risen in the United States and overseas, economists say.

Indeed, the 14 U.S. money center banks have not borrowed in Tokyo for four of the past five weeks.

Mr. Karydakos said, however, that it has simply taken three maintenance periods for the Fed's late-May tightening to work its way through the banking system. Economists may have concluded initially that the funds rate would trade at 7% percent, but it is now clear that funds will settle around 7% percent, he said.

John Doyle of MMS International Inc. in New York said the Fed also appeared to be telling markets that it would not be following Thursday's half-point discount-rate increase by the West German Bundesbank.

and, on Thursday, added reserves via overnight system repurchases.

The emphasis shifts to fighting drugs at home

money; they have very specific ideas of how it should be spent. They propose to spend 80 percent of the total to try to reduce the demand for drugs through more education, policing and prevention, and 40 percent on fighting to increase the supply through anti-addiction, eradication of drug crops abroad.

Friday's OTC Prices

MASDAQ prices as of 4 p.m. New York time. Most traded securities in terms of dollar volume. It is updated twice a week. Via The Associated Press

Table of OTC stock prices with columns: 12 Month High, 12 Month Low, 12 Month Stock, Div. Yld., Sales, High, Low, 4 P.M. Price, Net Change

Table of OTC stock prices (continued) with columns: 12 Month High, 12 Month Low, 12 Month Stock, Div. Yld., Sales, High, Low, 4 P.M. Price, Net Change

Table of OTC stock prices (continued) with columns: 12 Month High, 12 Month Low, 12 Month Stock, Div. Yld., Sales, High, Low, 4 P.M. Price, Net Change

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The Global Newspaper



SPORTS

Down 2 Sets, Edberg Defeats Mecir to Gain Final

By John Feinstein
Washington Post Service
LONDON—Stefan Edberg was dead and gone. So was Ivan Lendl. Both were outplayed for two sets Friday. Both were in serious trouble in the third.

One more break and he probably would have been in the locker room thinking about his next tournament. Two years ago, when Mecir upset him in the third round here, Edberg shrugged and said, "Oh well, there's another tournament next week."

Actually, he made Mecir look foolish, gradually turning the tables on him. Mecir, who is 24, may have as much natural talent as anybody in the game, unorthodox as he is. He glides to the ball more than he runs to it and, with his two-handed backhand, he is harder to read than Faulkner.

But Mecir is as moody as he is brilliant. Lendl tells a story about a Davis Cup match several years ago that Mecir forgot to show up for. Although he rarely betrays any emotion on the court, there are days when it is clear he doesn't want to be there and the results usually reflect that.

This spring, troubled by a back problem, he has played very little and as the match stretched on — it took three hours and 10 minutes to play — he appeared to lose some of his zip while Edberg's legs got springier with each passing game.

The crucial game was that seventh one in the third set. Edberg had already saved two break points in the third but he faced three in a row. He came up with a big serve to save one. Then, Mecir has his big chance, a lined up backhand passing shot. He netted it. Edberg came up with another big serve and served the game out. Mecir's shoulders sagged just a little.

Graf vs. Navratilova a Hot-Ticket Match

By John Feinstein
Washington Post Service

WIMBLEDON, England—It is the match everyone expected and most people wanted: Martina Navratilova against Steffi Graf in the Wimbledon final.

Graf has been overwhelming here so far winning her six matches without dropping a set and losing only 17 games. Navratilova, by contrast, has struggled in her last three matches, going three tough sets in the last two matches.

Navratilova is always ready for a Wimbledon final. Eight times she has walked onto Center Court carrying the silver plac presented to the women's champion.

If there is a difference between this year and last it is that Graf clearly expects to win. In 1987, having not played on grass for two years, she was a little surprised to make the final.

The circumstances are nearly identical to that Borg-McEnroe match. Borg had won a record five straight men's singles titles at Wimbledon and 41 matches in a row. The two had played a classic final the year before, in which Borg retained his title, but then McEnroe beat him at the U.S. Open.

Now, Navratilova has won six straight Wimbledon singles titles and eight in all, and 47 straight matches. She is aiming to set the overall Wimbledon record of nine singles titles.

She beat Graf in the 1987 final but by year's end Graf had overtaken her in the rankings as the No. 1 player in the world. And Graf began 1988 by winning the Australian and French Opens.

In a sense, this is Navratilova's last stand. Graf is No. 1 and probably will stay there. But at Wimbledon, Navratilova is still the preeminent player and will be no less so when she returns to the court.

Navratilova rose to the occasion

Graf, left, and Navratilova, watching each other's semifinal matches.



Expos Tim Lincecum and Nelson Santovana ran out of room chasing a first-inning popout near the Atlanta dugout Thursday in Montreal.

Holman, in His 2d Start, Helps Expos Rout Braves

Compiled by Our Staff From Dispatches
MONTREAL—Brian Holman, who will never forget his major-league debut, always will remember his second game, too.

BASEBALL ROUNDUP

out for his first victory as the Montreal Expos beat the Atlanta Braves 6-0. "This is one you don't forget," Holman, a 23-year-old right-hander who was called up June 25 to replace Floyd Youmans after Youmans was suspended for drug use, struck out five and walked two.

WIMBLEDON TENNIS

points during the tiebreaker, including one on which he came in behind a serve and netted an easy forehand volley with Lendl completely helpless. That made the tie-break score 6-5.

Given that breath of life, Lendl served a second match point with a sharp forehand volley and then won the set with a screaming forehand that Becker volleyed wide.

But, like Becker later, Mecir could not finish off a dazed opponent. No Mike Tyson here. In the third set, Mecir had five break point chances. He converted none of them. Edberg won the set. To the fourth set, Mecir had six break points. Same result. Edberg won the set again.

In the final set, Mecir finally broke to lead 3-1. No matter. Edberg won the next four games in a row and finally walked off with an extraordinary victory to reach his first Wimbledon final. "It was a gutsy performance today," Edberg said, feeling no need for modesty after this sort of victory.

SCOREBOARD

BASEBALL

Table with Major League Standings, Major League Leaders, and Thursday's Line Scores. Columns include team names, wins/losses, and individual player statistics.

TENNIS

Table with Wimbledon Results, categorized by Men and Women. Lists player names and match outcomes.

TRANSITION

Table listing baseball transactions, including player movements between teams and contract signings.

Cycling Tour: France Looks for Winner of Its Own

By Samuel Abt
International Herald Tribune

All those riders, though, are foreigners, as were the last two winners of the tour. Among the French, the name most often heard is Bernard's.

The last time such a malaise occurred was 1978, and the bicycling prodigy then was Bernard Hinault, who won not only that Tour de France but also four more before he retired in 1986 and anointed Bernard, his teammate and friend, as his heir.

Next in line behind the climbers, as favorites are the time-trial specialists, such as Bernard and Kelly, the Irishman who won his first year's Tour of Spain for his first victory in a major stage, or multi-day race. They get three chances to pick up their own clock, including a race against the field in Burgundy the day before the tour finishes.

Then come the riders who passably combine climbing and time-trialing, such as Brukink, a Dutchman, and Charly Mottet, a Frenchman.

NANTES, France—As he cheerfully admits, Jean-Francois Bernard is on the spot as the 75th Tour de France prepares to set off Monday in what appears to be the least-demanding, most open race in years.

Nearly a dozen riders—including Sean Kelly, Pedro Delgado, Urs Zimmermann, Luis Herrera, Andy Hampsten and Eric Brukink—come up in most discussions of who will wear the yellow jersey into Paris when the planet's most prestigious bicycle race finishes its 3,284-kilometer (2,040-mile) journey July 24.

TOUR 88 of France. July 4 - 24. 3,284 km. Map of France showing the route of the Tour de France 1988, starting in Paris and ending in Paris. Includes a list of stages and distances.

BASEBALL

BASEBALL

Table with National League and American League standings, including team names, wins/losses, and individual player statistics.

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LONGINES advertisement for Grand Prix of France, Le Castellet. Features a Longines watch and promotional text: 'You have a date with Longines Precision'.

POSTCARD

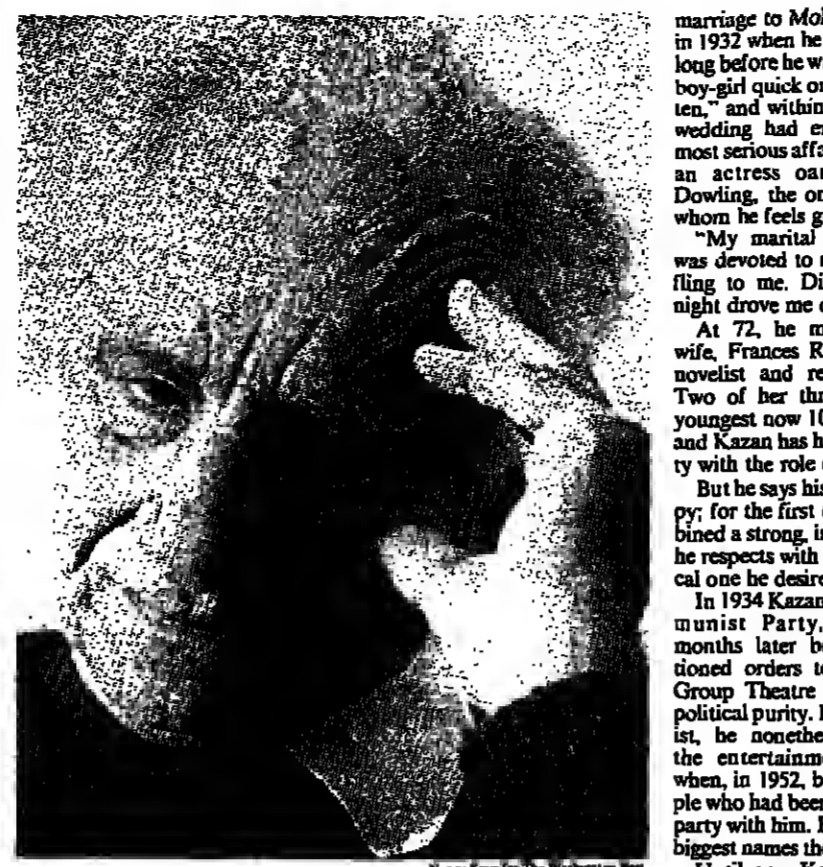
Trees and the Volcano

By Timothy Egan
MOUNT ST. HELENS, Wash.—One of the oddest stories in natural history is unfolding on this wounded volcano as three distinct forests, each reflecting the character of its caretakers, are flourishing on land once dismissed as a sterile moonscape.

rising to a height of 16 miles turned daylight to darkness and left deep deposits of sterile material on the mountain slopes.

Elia Kazan's Passions and Fury

By Megan Rosenfeld
Washington Post Service
NEW YORK—By most standards, he's an old man now. His hair is a dry white and time has cut deep creases into his face.



Elia Kazan at 78. He wanted to have it all and feels that he did.

as the wife, freedom with security, wealth without corruption. And his final judgment, even with the caveats, is that he has.

PEOPLE

Jim Bakker Soldiers On

Jim Bakker, the disgraced leader of the shaky Praise the Lord empire, stood on the steps of a federal bankruptcy court in Columbia, South Carolina waving a piece of paper he claimed was a letter of credit for \$100 million to help him buy back PTL television ministry.

was sent by Conde Nast to revitalize the shaky Praise the Lord empire. Last fall she returned to New York to make over House & Garden.

MONDAY SPORTS WEEKEND BASEBALL See Page 13

Moscow A Turnin... By Philip Taubman... MOSCOW—As political...

PERSONAL MESSAGES
MAY THE SACRED HEART OF JESUS be adored, glorified, loved and served throughout the world...

ANNOUNCEMENTS
NICE 88
JVC Grande Parade
Du Jazz July 9 - 19

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MONDAY Q&A
Stephen Ledogar, head of the U.S. delegation at Vienna talks on conventional weapons control, discusses Soviet intentions.